



# **ST JOHN'S COLLEGE CAMBRIDGE**

## **Annual Report and Accounts**

**for the year ended  
30 June 2006**

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## **Overview of St John's College**

Founded in 1511, St John's College (formally "The College of St John the Evangelist in the University of Cambridge") is one of the largest of the 31 colleges within the University of Cambridge, each of which is an independent, self-governing, body with its own property and income. As at 5 October 2006, the College had 135 Fellows and 835 junior members comprising 535 undergraduates and 300 graduates. As at 30 June 2006 the College itself and its subsidiaries had 380 staff (full-time equivalent). In addition, as at 1 October 2006, 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 external members of the Finance Committee were appointed 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 1 October 2006, 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 2006, 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 5 October 2006 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)

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

## 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

### 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

### Bankers

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

### Property Agents

Cordea Savills LLP  
Landsdowne House  
57 Berkeley Square  
London  
W1J 6ER

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

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 2006. 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 second financial statements produced by the College in the new Recommended Cambridge College Account (RCCA) format introduced through revisions to Statute G, III of the University. The comparative figures for the financial year 2004/05 have been audited. The College accounts had 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 2005 and 2006 are summarised below:

	<b>2005/06</b>	<b>2004/05</b>
	<b>£</b>	<b>£</b>
Income	25,513,000	23,491,000
Expenditure	24,595,000	23,266,000
Operating surplus	918,000	225,000
University contribution	496,000	280,000
Surplus/(deficit) after University Contribution	422,000	(55,000)
Transfers to accumulated income within restricted expendable capital	(434,000)	(282,000)
Retained deficit for the year	(12,000)	(337,000)

Income rose by £2,022,000 (8.6%) in 2005/06 whilst expenditure rose by £1,329,000 (5.7%). As a result, the College moved from an operating surplus of £225,000 in the previous year, to an operating surplus of £918,000. After the payment of University Contribution, the College made a surplus of £422,000 compared with a deficit of £55,000 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 £12,000 compared with a deficit of £337,000 in the previous year.

The College incurred capital expenditure on tangible fixed assets during the year amounting to £2,468,000 (compared to a previous year figure of £529,000), which is below the average annual capital expenditure required for the upkeep of the College's building stock.

## **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 2005/06, with total income being £25,513,000, up £2,022,000 (8.6%) from the previous year. The main reason for the increase was a rise in income from the College's investment portfolio of £1,650,000 (with increases in income from property, equities and fixed-income investments) which included certain special dividends totalling £930,000 which are not expected to be repeated in the future.

### **Academic fees and charges**

Total academic fees and charges received in the year were £2,244,000, up £161,000 (7.7%) from £2,083,000 in the previous year.

#### ***College fees for undergraduates***

The main component of the academic fees and charges is the college fee, which amounted to £1,635,000 in the year, paid to the College by the University (from the grant received from the Higher Education Funding Council for England (HEFCE)) in respect of undergraduates eligible for student support from UK public funds. The college fee is paid towards the cost of admitting and supervising such undergraduates and providing tutorial support and social and recreational activities, but does not cover the full cost of such provision. The per-capita undergraduate fee for publicly-funded undergraduates was £3,163, up 12.4% over the previous year.

The college fees received by the College in respect of publicly-funded undergraduates decreased significantly 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. With the introduction of top-up fees payable to the University, this real decrease is being partly redressed through the University and the Colleges agreeing that the per capita College fee will be increased by uprating the 1998-99 College fee to 2005-06 values using the GDP deflator.

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 2005/06, 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 £3,483 per capita and totalled £146,000 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 £1,956 per capita and totalled £417,000 in the year.

### ***Reliance on fee income***

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

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

### **Residences, catering and conferences**

Total income from residences, catering and conferences in the year totalled £4,909,000, up 5.7% 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 which the College has taken into account in setting room charges in recent years has been to reduce the gap between rentals and the actual cost of provision. In 2005/06, room charges for student accommodation were increased, in agreement with junior members, by 6.9%, as a consequence of substantially increased utility prices. 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 £930,000 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 £1,240,000 in the year, up £107,000 (9.4%) 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 £12,228,000 from £10,578,000, a rise of £1,650,000 (15.6%) representing an increase as a proportion of total income from 45.0% to 47.9%. 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 £4,423,000, an increase of £1,364,000 (44.6%) on the previous year due to rises in both dividends and interest income. As noted earlier, the College received certain special dividends totalling £930,000 which are not expected to be repeated in future years. The elimination of Advance Corporation Tax relief in dividend income results in the College receiving a lower dividend income than would have been received had ACT relief remained in place.

There was a rise in income from the property portfolio which reached £7,311,000, up £340,000 (4.9%) 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 re-invested in property to date.

There was a decrease in income from interest on cash balances.

Donations and benefactions of £174,000, 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 £4,445,000 in the school's financial year ended 31 August 2006. 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 £1,507,000 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 £24,595,000 in 2005/06, up £1,329,000 (5.7%) 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 £7,373,000 which was up 6.7% on the previous year. This expenditure included expenditure on teaching (including through the small-group academic supervision system), tutorial, admissions, research, the cost of scholarships and awards for students, other educational facilities and other expenses.

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

### ***Teaching, Tutorial, Admissions and Research***

In common with other Cambridge Colleges, most of the teaching Fellows in the College are University Teaching Officers (UTOs) who are paid their principal stipends by the University, with the College paying for teaching and other duties carried out in the College. The College also employs a number of College Teaching Officers (CTOs) who do not hold any substantive University post and are paid their principal stipends by the College. In 2005/06, 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 has been 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 £8,806,000 in the year, up £681,000 (8.4%) on the prior year. Of this expenditure, £6,551,000 was in respect of accommodation and £2,255,000 was in respect of catering. Expenditure on accommodation and catering for College members totalled £7,755,000, whilst expenditure attributed to the College's conference and functions activities totalled £1,051,000 in the year.

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

### **Other expenditure**

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

Expenditure by St John's College School was £4,071,000, up £274,000 (7.2%) 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 £2,195,000, down £194,000 (8.1%) on the previous year.

Fundraising and alumni-relations costs were £325,000 in the year, up £62,000 (23.6%) on the previous year. 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 £1,338,000, down £59,000 (4.2%) on the previous year.

### **University Contribution**

The College pays, through an intercollegiate taxation system, a contribution to the Colleges Fund which makes grants to colleges with inadequate endowments. The University Contribution of the College for the year 2005/06 amounted to £496,000.

### **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 £11,351,000, an increase of £777,000 (7.3%) on the previous year, in line with expectation. This rise reflects increased pension contributions and certain staff changes. This represents some 46.2% of the total expenditure of the College.

#### ***Other operating expenses***

Other operating expenses of the College were £9,919,000, up £487,000 (5.2%) on the previous year.

#### ***Depreciation***

Included within educational expenditure, residences, catering and conferences expenditure and other expenditure is a total of £3,325,000 of depreciation of which £3,180,000 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 somewhat less than the actual capital expenditure that the College anticipates having to expend on its operational buildings on a per annum basis over the next 5-10 years.

## **Capital and Reserves**

Capital and reserves stood at £521,673,000 at 30 June 2006, up £41,444,000 (8.6%) 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 2006, unrestricted, undesignated, expendable capital reserves stood at £11,473,000.

## **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 benchmark against which the performance of the investment manager is measured is currently being reviewed.

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 has taken 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 2006 was £298,460,000, up £34,816,000 (13.2%) from its value at 30 June 2005.

£177,549,000 (59.5%) 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 Cordea Savills LLP, Savills (L&P) Limited, 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 2006, the equities and fixed-income portfolio had a value of £111,548,000, representing 37.4% of the overall portfolio. The portfolio was invested 90.7% in equities (predominantly in the UK, North America and continental Europe) and 9.3% 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 2006 of £869,000. The College has increased its allocation to private equity through a commitment to Cambridge University Fund L.P., a pooled private equity vehicle set up by the University and a number of Cambridge Colleges.

In addition, at 30 June 2006, the College held cash for reinvestment amounting to £8,494,000.

## **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 £7,548,000 up £345,000 (4.79%) on the previous year's cash outflow of £7,203,000. Working capital decreased by £425,000.

Net cash inflow from endowment income was £12,228,000, up £1,650,000 (15.6%) on the previous year.

This gave a positive cashflow for 2005/06 before University Contribution and capital transactions of £4,680,000, up £1,305,000 (38.6%) from the previous year.

Capital receipts totalled £30,093,000, comprising primarily £27,273,000 from sales of securities and investment properties in the year and £2,820,000 from donations and legacies of a capital nature.

Total capital expenditure in the year amounted to £20,574,000, of which £18,106,000 was spent on fixed asset investments and £2,468,000 was purchase of tangible fixed assets reflecting capital expenditure on operational College buildings and other fixed assets.

The total cash inflow from capital transactions was £9,519,000 leading to an increase in short term deposits and cash in the year of £13,919,000.

## **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 2005/06 the College spent a total of £2,468,000 on improvements to its operational buildings. This level of expenditure falls short of the levels recommended by a number of professional and regulatory bodies and it is recognised by the College that expenditure on buildings has been at unsustainably low levels and will need to increase in future years. A review of the College's operational buildings has identified a programme of necessary capital expenditure that is likely to exceed £40 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 collegiate portion of the 'Triangle Project' which relates to the alteration and renovation of many of the buildings in the Triangle site (bounded by All Saints Passage, Bridge Street and St John's Street) 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.

### **Implementation of new regulations**

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



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

## **Risk Management**

The College continues to develop a formal risk-management process involving the creation of a Risk Register. The relevant 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 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 47.9% 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 800<sup>th</sup> 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 2005/06, donations and benefactions totalled £2,994,000, whilst the costs of fundraising and alumni relations were £325,000. The College is now poised to invest substantially more in its development activities, not least in developing its approach to a likely Campaign centred around the College's 500<sup>th</sup> 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 reduction in public funding the College receives through the college fee for publicly-funded undergraduates now partly mitigated through the recent agreement with the University on College fees;
- 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; 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 and achieve its full potential, 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



Professor Richard Perham  
Master



Chris Ewbank  
Senior Bursar

9 November 2006

## **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.

The Council is responsible for the preparation of the financial statements in accordance with applicable United Kingdom accounting standards and for sending an abstract of its accounts in the form prescribed by the University Statutes to 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 2006 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Governing Body, in accordance with our engagement letter dated 7 November 2006. 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 preparing the financial statements in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the provisions of the Statutes of the College and the University of Cambridge. The College Council is also responsible for sending an abstract of the accounts in the form prescribed by the University Statutes to the University as set out in the Responsibilities of the College Council on page 17.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, with the Statutes of the University of Cambridge, and with the provisions of the Statutes of the College. In addition, we report whether the University Contribution has been correctly calculated in accordance with the provisions of University Statute G, II.

We also report if, in our opinion, the 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 International Standards on Auditing (UK & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial


statements and of whether the accounting policies are appropriate to the circumstances of the College and the Group, consistently applied and adequately disclosed.

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

## **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the College and the Group as at 30 June 2006 and of the Group's income and expenditure for the year then ended and have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statutes of the College and the University of Cambridge.

In our opinion, the contribution due from the College to the University as set out in note 10 has been correctly calculated in accordance with the provisions of University Statute G, II.

A handwritten signature in purple ink, appearing to read "Deloitte & Touche LLP".

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

9 November 2006

# **Statement of Principal Accounting Policies**

## **Basis of preparation**

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom Accounting Standards.

In addition, the financial statements accord with the Statement of Recommended Practice 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 2006. 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.

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

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

### **Other defined-benefit pension schemes**

The College also makes contributions to the defined-benefit schemes set out below. The College is unable to identify its share of the assets and liabilities of these schemes on a consistent and reasonable basis. Therefore, these schemes are accounted for as if they were defined-contribution pension schemes. Contributions are charged to the income and expenditure account as they are incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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

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

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

### **Defined-Contribution Pension Schemes**

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

## **Tangible Fixed Assets**

### **Land and Buildings**

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

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

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

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



Land held specifically for development, investment and subsequent sale is included 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 Account as it is incurred.

### **Furniture, Fittings and Equipment**

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

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

### **Rare books, silver, works of art and other artefacts**

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

### **Deferred capital accounts**

Where a fixed asset is acquired with the aid of a specific bequest or donation it is capitalised and depreciated in accordance with the depreciation policy for that asset class. The related benefaction is credited to a deferred capital 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 2006 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 viewed as a separate activity of the College. Control of its reserves has been delegated to its Board of Governors. Its reserves, including those representing its tangible fixed assets, are represented by a designated reserve within the College accounts (except for its prize and trust funds which are treated on an individual basis).

## **Taxation**

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

### **Contribution Under Statute G,II**

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

## Consolidated Income & Expenditure Account

Year to 30 June		<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
<b>INCOME</b>	Note		
Academic fees and charges	1	2,244	2,083
Residences, catering and conferences	2	4,909	4,646
Endowment income	3	12,228	10,578
Other income	4	6,132	6,184
<b>Total Income</b>		<b>25,513</b>	<b>23,491</b>
<b>EXPENDITURE</b>			
Education	5	7,373	6,910
Residences, catering and conferences	6	8,806	8,125
Other expenditure	7	8,416	8,231
<b>Total Expenditure</b>		<b>24,595</b>	<b>23,266</b>
<b>Operating surplus</b>		<b>918</b>	<b>225</b>
University Contribution under Statute G,II	10	496	280
<b>Surplus/(deficit) after University Contribution</b>		<b>422</b>	<b>(55)</b>
Transfers to accumulated income within restricted expendable capital		(434)	(282)
<b>Retained deficit for the year</b>		<b>(12)</b>	<b>(337)</b>

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

## Consolidated Statement of Total Recognised Gains and Losses

Year to 30 June

	<b>Restricted funds</b>		<b>Unrestricted funds</b>		<b>2006</b>	<b>2005</b>
	Collegiate purposes £'000	Non-collegiate purposes £'000	Designated funds £'000	Undesignated funds £'000	<b>Total</b> £'000	<b>Total</b> £'000
<b>Balance b/f 1 July</b>	25,478	9,702	241,975	203,074	<b>480,229</b>	<b>456,864</b>
Transfers to accumulated income within restricted expendable capital	218	216	-	-	<b>434</b>	282
Retained surplus/(deficit) for the year	-	-	(201)	189	<b>(12)</b>	(337)
Benefactions and donations	2,546	94	180	-	<b>2,820</b>	653
Dilapidations (capital income)	-	-	-	-	<b>-</b>	1
Increases in market value of investments	3,015	1,246	3,937	30,041	<b>38,239</b>	23,447
Actual return less expected return on pension scheme assets	-	-	271	-	<b>271</b>	376
Changes in assumptions underlying the present value of the pension scheme liabilities	-	-	(270)	-	<b>(270)</b>	(999)
Experience losses arising on the pension scheme liabilities	-	-	(38)	-	<b>(38)</b>	(58)
Account transfers	315	65	(520)	140	<b>-</b>	-
<b>Total recognised gains for the year</b>	<b>6,094</b>	<b>1,621</b>	<b>3,359</b>	<b>30,370</b>	<b>41,444</b>	<b>23,365</b>
<b>Balance c/f 30 June</b>	<b>31,572</b>	<b>11,323</b>	<b>245,334</b>	<b>233,444</b>	<b>521,673</b>	<b>480,229</b>

The surplus of the College (including the School) for the year was £1,000k (2005:£117k deficit) before transfers to accumulated income within restricted expendable capital.

## Consolidated Balance Sheet

As at 30 June

As at 30 June		<u>2006</u>	<u>2005</u>
		<u>£'000</u>	<u>£'000</u>
	Note		
<b>FIXED ASSETS</b>			
Tangible assets	11	214,329	215,011
Investments	12	298,460	263,644
		512,789	478,655
<b>CURRENT ASSETS</b>			
Stock		604	591
Debtors			
- due within one year	13	1,442	1,305
- due after one year	13	645	740
Current investments	14	13,150	4,000
Cash		-	736
		15,841	7,372
Creditors: amounts falling due within one year	15	(4,190)	(3,011)
<b>Net current assets</b>		11,651	4,361
<b>Total Assets less current liabilities</b>		524,440	483,016
Creditors: amounts falling due after more than one year	16	(11)	(80)
Pension liability	20	(2,756)	(2,707)
<b>NET ASSETS</b>		<b>521,673</b>	<b>480,229</b>
		<u>Income/ expendable Capital funds</u>	<u>Permanent Capital funds</u>
		<u>Total 2006 £'000</u>	<u>Total 2005 £'000</u>
<b><u>Capital and reserves</u></b>			
Restricted funds held for collegiate purposes*	17	11,594	19,978
Restricted funds held for non-collegiate purposes*	17	2,385	8,938
Unrestricted funds	17	183,409	295,369
<b>TOTAL</b>		<b>521,673</b>	<b>480,229</b>

These accounts were approved by the College Council on 9 November 2006 and signed on their behalf by:



Professor Richard Perham  
Master



Chris Ewbank  
Senior Bursar

\* as defined by University Statute G,II

## College Balance Sheet

As at 30 June

As at 30 June		<u>2006</u>	<u>2005</u>		
		<u>£'000</u>	<u>£'000</u>		
	Note				
<b>FIXED ASSETS</b>					
Tangible assets	11	214,241	214,954		
Investments	12	323,971	289,155		
		538,212	504,109		
<b>CURRENT ASSETS</b>					
Stock		480	467		
Debtors					
- due within one year	13	8,595	8,604		
- due after one year	13	245	262		
Current investments	14	12,900	4,000		
Cash		-	304		
		22,220	13,637		
Creditors: amounts falling due within one year	15	(39,633)	(38,453)		
<b>Net current liabilities</b>		(17,413)	(24,816)		
<b>Total Assets less current liabilities</b>		520,799	479,293		
Creditors: amounts falling due after more than one year	16	(11)	(3)		
Pension liability	20	(2,756)	(2,707)		
<b>NET ASSETS</b>		<b>518,032</b>	<b>476,583</b>		
		<u>Income/ expendable Capital funds</u>	<u>Permanent Capital funds</u>	<u>Total 2006 £'000</u>	<u>Total 2005 £'000</u>
<b><u>Capital and reserves</u></b>					
Restricted funds held for collegiate purposes*	17	11,594	19,978	31,572	25,478
Restricted funds held for non-collegiate purposes*	17	2,385	8,938	11,323	9,702
Unrestricted funds	17	179,768	295,369	475,137	441,403
<b>TOTAL</b>				<b>518,032</b>	<b>476,583</b>

These accounts were approved by the College Council on 9 November 2006 and signed on their behalf by:



Professor Richard Perham  
Master



Chris Ewbank  
Senior Bursar

\* as defined by University Statute G,II

## Consolidated Cash Flow Statement

Year to 30 June

		<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
	Note		
<b>OPERATING ACTIVITIES</b>			
Operating surplus		918	225
Depreciation	9	3,325	3,260
Pension scheme movements		12	2
Endowment and investment income		(12,228)	(10,578)
Increase in stock		(13)	(9)
Increase in debtors		(42)	(29)
Increase/(decrease) in creditors		480	(74)
<b>Net cash outflow from operating activities</b>		<b>(7,548)</b>	<b>(7,203)</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Endowment and investment income received		12,228	10,578
<b>Net cash inflow from returns on investments and servicing of finance</b>		<b>12,228</b>	<b>10,578</b>
<b>CONTRIBUTION TO COLLEGES FUND</b>		<b>(280)</b>	<b>(315)</b>
<b>CAPITAL TRANSACTIONS</b>			
Receipts from sale of fixed asset investments		27,273	24,291
Dilapidations income		-	1
Donations and benefactions		2,820	653
<b>Total capital receipts</b>		<b>30,093</b>	<b>24,945</b>
Purchase of tangible fixed assets		(2,468)	(529)
Purchase of fixed asset investments		(18,106)	(35,333)
<b>Total capital expenditure</b>		<b>(20,574)</b>	<b>(35,862)</b>
<b>Net cash inflow/(outflow) from capital transactions</b>		<b>9,519</b>	<b>(10,917)</b>
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
(Increase)/reduction in short term deposits		(15,069)	7,493
<b>Net cash (outflow)/inflow from management of liquid resources</b>		<b>(15,069)</b>	<b>7,493</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>22</b>	<b>(1,150)</b>	<b>(364)</b>



## Notes to the Accounts

### 1. ACADEMIC FEES AND CHARGES

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
COLLEGE FEES		
Fee income paid on behalf of undergraduates eligible for student support (per capita fee £3,163)	1,635	1,525
Other undergraduate fee income (per capita fee £3,483)	146	125
Graduate fee income (per capita fee £1,956)	417	386
	<u>2,198</u>	<u>2,036</u>
Other income	46	47
Total	<u>2,244</u>	<u>2,083</u>

### 2. RESIDENCES, CATERING AND CONFERENCES INCOME

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Accommodation		
College members	2,739	2,587
Conferences	403	419
Catering		
College members	930	926
Conferences	837	714
Total	<u>4,909</u>	<u>4,646</u>

### 3. ENDOWMENT INCOME

	<u>2006</u> <u>Income from</u> <u>restricted funds</u> <u>for collegiate</u> <u>purposes*</u>  <u>£'000</u>	<u>2006</u> <u>Income from</u> <u>restricted funds</u> <u>for non-collegiate</u> <u>purposes*</u>  <u>£'000</u>	<u>2006</u> <u>Income from</u> <u>unrestricted</u> <u>funds</u>  <u>£'000</u>	<u>2006</u> <u>Total</u>  <u>£'000</u>	<u>2005</u> <u>Total</u>  <u>£'000</u>
Income from:					
Freehold land and buildings	47	-	7,264	7,311	6,971
Quoted securities – equities	799	319	2,317	3,435	2,206
Quoted securities – fixed interest	-	-	988	988	853
Royalties	-	-	6	6	5
Cash	45	6	263	314	411
Donations and benefactions	5	154	15	174	132
Total	<u>896</u>	<u>479</u>	<u>10,853</u>	<u>12,228</u>	<u>10,578</u>

\* as defined by University Statute G,II

#### Liability to Contribution under Statute G,II:

	Note	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Endowment income liable to Contribution	10	10,702	9,499
Endowment income not liable to Contribution	10	1,526	1,079
		<u>12,228</u>	<u>10,578</u>

#### Investment management costs

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Investment portfolio	263	202

### 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

	<b><u>2006</u></b> <b><u>£'000</u></b>	<b><u>2005</u></b> <b><u>£'000</u></b>
School	4,445	4,250
Tourism & merchandise	89	78
Contributions to the running of sports facilities and clubs	38	30
Miscellaneous	53	280
St John's Innovation Centre and other subsidiary activity not included above	1,507	1,546
Total	<b>6,132</b>	<b>6,184</b>

### 5. EDUCATION EXPENDITURE

	<b><u>2006</u></b> <b><u>£'000</u></b>	<b><u>2005</u></b> <b><u>£'000</u></b>
Teaching	3,229	2,872
Tutorial	1,133	975
Admissions	320	326
Research	1,137	1,886
Scholarships and Awards	903	259
Other educational facilities	554	498
Other expenses	97	94
Total	<b>7,373</b>	<b>6,910</b>

### 6. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	<b><u>2006</u></b> <b><u>£'000</u></b>	<b><u>2005</u></b> <b><u>£'000</u></b>
Accommodation	6,293	5,934
Conferences	258	299
Catering	1,462	1,208
Conferences	793	684
Total	<b>8,806</b>	<b>8,125</b>

### 7. OTHER EXPENDITURE

	<b><u>2006</u></b> <b><u>£'000</u></b>	<b><u>2005</u></b> <b><u>£'000</u></b>
School	4,071	3,797
Agency & management	2,195	2,389
Estates repairs	281	187
Fundraising and alumni relations	325	263
Miscellaneous expenditure (including charitable gifts)	206	198
St John's Innovation Centre and other subsidiary activity not included above	1,338	1,397
Total	<b>8,416</b>	<b>8,231</b>

## 8. STAFF COSTS

	<u>College Fellows 2006 £'000</u>	<u>Other Academics 2006 £'000</u>	<u>Non-Academics 2006 £'000</u>	<u>Total 2006 £'000</u>	<u>Total 2005 £'000</u>
Staff Costs					
Emoluments	1,401	77	8,037	9,515	8,949
Social security costs	106	4	643	753	700
Other pension costs (see note 20)	147	5	931	1,083	925
Total	<b>1,654</b>	<b>86</b>	<b>9,611</b>	<b>11,351</b>	<b>10,574</b>

	<u>College Fellows 2006</u>	<u>Other Academics 2006</u>	<u>Non-Academics 2006</u>	<u>Total 2006</u>	<u>Total 2005</u>
<b>Staff Numbers</b>					
Stipendary fellows	90	-	-	90	89
Average staff numbers (full-time equivalents)	-	19	373	392	392
Total	<b>90</b>	<b>19</b>	<b>373</b>	<b>482</b>	<b>481</b>

The Governing Body of the College, comprising all Fellows, at 30 June was	<u>2006</u> 133	<u>2005</u> 138
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Average staff numbers (full-time equivalents) includes 91 School staff and 26 staff employed by the St John's Innovation Centre.

The number of officers or employees of the College, including Head of House and School but excluding its subsidiaries, who received emoluments in the following ranges was:

£70,000 - £79,999	1	1
£80,000 - £89,999	1	0
£90,000 - £99,999	1	0

## 9. ANALYSIS OF EXPENDITURE BY ACTIVITY

	<u>Staff costs (Note 8)</u>	<u>Other operating expenses</u>	<u>Depreciation</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
a. Year ended 30 June 2006				
Education (Note 5)	3,176	3,292	905	<b>7,373</b>
Residences, catering and conferences (Note 6)	3,970	2,447	2,389	<b>8,806</b>
Other (Note 7)	4,205	4,180	31	<b>8,416</b>
Total	<b>11,351</b>	<b>9,919</b>	<b>3,325</b>	<b>24,595</b>

	<u>Staff costs (Note 8)</u>	<u>Other operating expenses</u>	<u>Depreciation</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
b. Year ended 30 June 2005				
Education (Note 5)	3,057	2,962	891	<b>6,910</b>
Residences, catering and conferences (Note 6)	3,617	2,170	2,338	<b>8,125</b>
Other (Note 7)	3,900	4,300	31	<b>8,231</b>
Total	<b>10,574</b>	<b>9,432</b>	<b>3,260</b>	<b>23,266</b>

<b>10. CONTRIBUTION UNDER STATUTE G,II</b>	Note	<b><u>2006</u></b> <b><u>£'000</u></b>	<b><u>2005</u></b> <b><u>£'000</u></b>
Endowment income as per Income and Expenditure Account	3	12,228	10,578
Less: items not assessable to Contribution:			
Donations and bequests		174	132
Effects of consolidation and presentation adjustments		405	416
Deductions from external revenue	21a	4,485	4,612
Trust & Other Funds not subject to Contribution		947	947
		<u>(6,011)</u>	<u>(6,107)</u>
Assessable income	21a	6,217	4,471
Less: Deductible items	21b	(2,081)	(2,156)
Net assessable income		<u>4,136</u>	<u>2,315</u>
Assessment:			
<u>£250,000 @ 2% (2005: 3%)</u>		5	8
<u>£250,000 @ 7% (2005: 7%)</u>		18	18
<u>£1,815,000 at 14%</u>			254
<u>£3,636,000 at 13%</u>		473	
<b>Contribution payable</b>		<b><u>496</u></b>	<b><u>280</u></b>

## 11. TANGIBLE FIXED ASSETS

<b>CONSOLIDATED</b>	<b><u>2006</u></b> <b><u>Freehold</u></b> <b><u>land and</u></b> <b><u>buildings</u></b> <b><u>£'000</u></b>	<b><u>2006</u></b> <b><u>Assets under</u></b> <b><u>construction</u></b> <b><u>£'000</u></b>	<b><u>2006</u></b> <b><u>Furniture</u></b> <b><u>and</u></b> <b><u>equipment</u></b> <b><u>£'000</u></b>	<b><u>2006</u></b> <b><u>Computer</u></b> <b><u>equipment</u></b> <b><u>£'000</u></b>	<b><u>2006</u></b> <b><u>Total</u></b> <b><u>£'000</u></b>	<b><u>2005</u></b> <b><u>Total</u></b> <b><u>£'000</u></b>
<b>COST/VALUATION</b>						
At 1 July 2005	221,016	-	518	186	221,720	221,350
Additions at cost	940	1,236	177	115	2,468	529
Disposals at cost	-	-	(12)	-	(12)	(19)
Transfers from/(to) investment property	175	-	-	-	175	(140)
Cost/valuation as at 30 June 2006	<u>222,131</u>	<u>1,236</u>	<u>683</u>	<u>301</u>	<u>224,351</u>	<u>221,720</u>
<b>DEPRECIATION</b>						
At 1 July 2005	6,322	-	299	88	6,709	3,470
Charge for the year	3,181	-	82	62	3,325	3,260
Eliminated on disposal	-	-	(12)	-	(12)	(19)
Eliminated on transfer to investment property	-	-	-	-	-	(2)
Depreciation at 30 June 2006	<u>9,503</u>	<u>-</u>	<u>369</u>	<u>150</u>	<u>10,022</u>	<u>6,709</u>
<b>Net Book value</b>						
At 30 June 2006	<u>212,628</u>	<u>1,236</u>	<u>314</u>	<u>151</u>	<u>214,329</u>	<u>215,011</u>
At 30 June 2005	<u>214,694</u>	<u>-</u>	<u>219</u>	<u>98</u>	<u>215,011</u>	<u>217,880</u>

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

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

The insured value of freehold buildings as at 30 June 2006 was £223,031k (2005 - £191,539k).

## 11. TANGIBLE FIXED ASSETS (continued)

COLLEGE	<u>2006</u> <u>Freehold</u> <u>land and</u> <u>buildings</u> <u>£'000</u>	<u>2006</u> <u>Assts under</u> <u>construction</u> <u>£'000</u>	<u>2006</u> <u>Furniture</u> <u>and</u> <u>equipment</u> <u>£'000</u>	<u>2006</u> <u>Computer</u> <u>equipment</u> <u>£'000</u>	<u>2006</u> <u>Total</u> <u>£'000</u>	<u>2005</u> <u>Total</u> <u>£'000</u>
<b>COST/VALUATION</b>						
At 1 July 2005	221,039	-	278	186	221,503	221,181
Additions at cost	940	1,230	127	115	2,412	462
Transfers from/(to) investment property	175	-	-	-	175	(140)
Cost/valuation as at 30 June 2006	222,154	1,230	405	301	224,090	221,503
<b>DEPRECIATION</b>						
At 1 July 2005	6,323	-	139	87	6,549	3,307
Charge for the year	3,181	-	57	62	3,300	3,244
Eliminated on transfer to investment property	-	-	-	-	-	(2)
Depreciation at 30 June 2006	9,504	-	196	149	9,849	6,549
<b>Net Book value</b>						
At 30 June 2006	212,650	1,230	209	152	214,241	214,954
At 30 June 2005	214,716	-	139	99	214,954	217,874

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

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

The insured value of freehold buildings as at 30 June 2006 was £223,031k (2005 - £191,539k).

## 12. INVESTMENTS

	<u>Consolidated</u> <u>2006</u> <u>£'000</u>	<u>College</u> <u>2006</u> <u>£'000</u>	<u>Consolidated</u> <u>2005</u> <u>£'000</u>	<u>College</u> <u>2005</u> <u>£'000</u>
Balance at 1 July 2005	263,644	289,155	231,960	256,801
Additions	18,106	18,083	35,333	35,332
Disposals	(27,273)	(26,672)	(24,291)	(23,689)
Transfer of investment properties (to) and from fixed assets	(175)	(175)	138	138
Appreciation on disposal or revaluation	38,239	37,661	23,447	23,516
Increase/(decrease) in cash balances held at fund managers	5,919	5,919	(2,943)	(2,943)
Balance as at 30 June 2006	<b>298,460</b>	<b>323,971</b>	<b>263,644</b>	<b>289,155</b>

Represented by:

Freehold land and buildings	177,549	171,898	156,265	150,614
Quoted securities – equities	101,135	101,135	87,545	87,545
Quoted securities – fixed interest	10,413	10,413	16,521	16,521
Unquoted securities	869	32,031	738	31,900
Cash held for reinvestment	8,494	8,494	2,575	2,575
	<b>298,460</b>	<b>323,971</b>	<b>263,644</b>	<b>289,155</b>

**13. DEBTORS**

	<u>Consolidated</u> <u>2006</u> <u>£'000</u>	<u>College</u> <u>2006</u> <u>£'000</u>	<u>Consolidated</u> <u>2005</u> <u>£'000</u>	<u>College</u> <u>2005</u> <u>£'000</u>
Amounts falling due within one year				
Loans	29	24	38	31
Amounts owed to group undertakings	-	7,659	-	7,698
Net trade debtors	793	585	858	712
Income Tax	71	71	11	11
Other debtors	279	-	242	-
Prepayment	221	221	144	144
Accrued income	49	35	12	8
	<u>1,442</u>	<u>8,595</u>	<u>1,305</u>	<u>8,604</u>
Amounts falling due after one year:				
Loans	645	245	662	262
Other debtors	-	-	78	-
	<u>645</u>	<u>245</u>	<u>740</u>	<u>262</u>

Trade debtors are shown net of student prepayments £867k (2005 - £814k).

**14. CURRENT INVESTMENTS**

	<u>Consolidated</u> <u>2006</u> <u>£'000</u>	<u>College</u> <u>2006</u> <u>£'000</u>	<u>Consolidated</u> <u>2005</u> <u>£'000</u>	<u>College</u> <u>2005</u> <u>£'000</u>
<b>Current Investments</b>				
Cash on deposit	13,150	12,900	4,000	4,000

**15. CREDITORS: AMOUNTS  
FALLING DUE WITHIN ONE YEAR**

	<u>Consolidated</u> <u>2006</u> <u>£'000</u>	<u>College</u> <u>2006</u> <u>£'000</u>	<u>Consolidated</u> <u>2005</u> <u>£'000</u>	<u>College</u> <u>2005</u> <u>£'000</u>
Bank loan and overdrafts	414	605		
Trade creditors	865	703	530	422
Amounts owed by group undertakings	-	35,679	-	35,823
Accruals	1,098	903	704	524
Deferred income	-	-	30	30
Loans	133	133	151	151
Sundry creditors	1,218	1,202	1,096	1,085
Tax & VAT	462	408	500	418
	<u>4,190</u>	<u>39,633</u>	<u>3,011</u>	<u>38,453</u>

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

	<u>Consolidated</u> <u>2006</u> <u>£'000</u>	<u>College</u> <u>2006</u> <u>£'000</u>	<u>Consolidated</u> <u>2005</u> <u>£'000</u>	<u>College</u> <u>2005</u> <u>£'000</u>
Sundry creditors	11	11	80	3

## 17. CAPITAL AND RESERVES

	<u>2006</u> Income/ expendable capital funds £'000	<u>2006</u> Permanent capital funds £'000	<u>2006</u> <b>Consolidated Total</b> <b>£'000</b>	<u>2005</u> <b>Consolidated Total</b> <b>£'000</b>
<b>Consolidated reserves</b>				
<b>Restricted funds:</b>				
<u>Funds for collegiate purposes*</u>				
Trust funds	11,594	19,978	31,572	25,478
<u>Funds for non collegiate purposes*</u>				
Trust funds	2,385	8,938	11,323	9,702
<b>Unrestricted funds:</b>				
<u>Designated reserves</u>				
Donations and benefactions	20,802	10,540	31,342	27,577
Fixed assets	151,318	62,858	214,176	214,903
Pension deficit	(2,756)	-	(2,756)	(2,707)
Servants pension fund	2,572	-	2,572	2,202
Total designated reserves	171,936	73,398	245,334	241,975
<u>Undesignated reserves</u>				
Donations and benefactions	5,154	-	5,154	4,382
Corporate capital	-	221,812	221,812	193,083
Other reserves	6,319	159	6,478	5,609
<b>Total unrestricted capital</b>	<b>183,409</b>	<b>295,369</b>	<b>478,778</b>	<b>445,049</b>
<b>Total capital and reserves</b>	<b>197,388</b>	<b>324,285</b>	<b>521,673</b>	<b>480,229</b>
<b>College reserves</b>				
	<u>2006</u> Income/ expendable capital funds £'000	<u>2006</u> Permanent capital funds £'000	<u>2006</u> <b>College Total</b> <b>£'000</b>	<u>2005</u> <b>College Total</b> <b>£'000</b>
<b>Restricted funds</b>				
<u>Funds for collegiate purposes*</u>				
Trust funds	11,594	19,978	31,572	25,478
<u>Funds for non collegiate purposes*</u>				
Trust funds	2,385	8,938	11,323	9,702
<b>Unrestricted funds:</b>				
<u>Designated reserves</u>				
Donations and benefactions	20,802	10,540	31,342	27,577
Fixed assets	151,318	62,858	214,176	214,903
Pension deficit	(2,756)	-	(2,756)	(2,707)
Servants pension fund	2,572	-	2,572	2,202
Total designated reserves	171,936	73,398	245,334	241,975
<u>Undesignated reserves</u>				
Donations and benefactions	5,154	-	5,154	4,382
Corporate capital	-	221,812	221,812	193,083
Other reserves	2,678	159	2,837	1,963
<b>Total unrestricted capital</b>	<b>179,768</b>	<b>295,369</b>	<b>475,137</b>	<b>441,403</b>
<b>Total capital and reserves</b>	<b>193,747</b>	<b>324,285</b>	<b>518,032</b>	<b>476,583</b>

\* as defined by University Statute G,II

## 17. CAPITAL AND RESERVES (continued)

[illegible]

**Capital is invested in the following categories of assets:**

[illegible]



## 17. CAPITAL AND RESERVES (continued)

	2006 Restricted Funds	2006 Unrestricted Funds	<u>Total</u> <u>2006</u>	<u>Total</u> <u>2005</u>
<u>Primary purposes of restricted and designated funds</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Access bursaries	2,931	62	2,993	752
Chapel and choir	1,396	207	1,603	1,400
Community	238	9,777	10,015	8,657
Estates	-	2,881	2,881	2,722
Fellowship and research	421	137	558	499
Hardship	81	208	289	247
Junior members scholarships and awards	30,129	4,440	34,569	30,137
Practice of law	2,431	-	2,431	2,098
Lectures	39	155	194	163
Library and archives	815	1,141	1,956	1,718
Pension	-	1,584	1,584	1,046
Prizes	1,921	75	1,996	1,746
Repair and grounds	620	(654)	(34)	292
School	449	2,295	2,744	2,137
Sport	271	(40)	231	217
Travel	705	32	737	631
Adams Astronomer	155	-	155	136
Welfare	68	2,395	2,463	2,175
Fixed assets	-	214,176	214,176	214,903
Reserves (including Insurance and Conference Equalisation)	225	6,463	6,688	5,479
<b>Total</b>	<b>42,895</b>	<b>245,334</b>	<b>288,229</b>	<b>277,155</b>

## 18. CAPITAL COMMITMENTS

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Capital commitments at 30 June 2006 are as follows:		
Authorised and contracted	1,471	-

## 19. FINANCIAL COMMITMENTS

At 30 June 2006 the annual commitments under non-cancellable operating leases were as follows:

	<u>2006</u> <u>Other</u> <u>£'000</u>	<u>2005</u> <u>Other</u> <u>£'000</u>
<b>Consolidated</b>		
Expiry date		
- within one year	4	5
- between two and five years	42	36
	<u>46</u>	<u>41</u>
<b>College</b>		
Expiry date		
- within one year	4	5
- between two and five years	33	28
	<u>37</u>	<u>33</u>

## 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 £1,083k (2005: £925k) as set out below:

	<b><u>2006</u></b> <b><u>£'000</u></b>	<b><u>2005</u></b> <b><u>£'000</u></b>
Cambridge Colleges Federated Pension Scheme	606	481
Universities Superannuation Scheme	169	172
Teachers' Pension Scheme	220	207
Church of England Funded Pensions Scheme	6	5
Defined Contribution Pension Schemes	82	60
	<b>1,083</b>	<b>925</b>

### Cambridge Colleges Federated Pension Scheme

The College is a member of a multi-employer 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. From 6 April 2006, it became a scheme registered with the HM Revenue and Customs under the terms of the Finance Act 2004. The College's employees covered by the Scheme are contracted out of the State Second Pension (S2P).

The College has elected to change 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); and
- 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 was as at 31 March 2005. These FRS17 valuation results used the valuation data updated by an Actuary who is not an employee or officer of the College or its subsidiaries.

The contribution made by the College in respect of the 12 months ended 30 June 2006 was £606k, excluding PHI contributions (2005: £481k).

The major assumptions used by the actuary were:

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

In addition, standard actuarial mortality tables as used in the actuarial valuation for the Trustees were used.

## 20. PENSION SCHEMES (continued)

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

	Long term rate of return expected as at 30/6/2006	Value £'000	Long term rate of return expected as at 30/6/2005	Value £'000	Long term rate of return expected as at 30/6/2004	Value £'000
Equities	7.5%	7,119	7.5%	5,766	8.0%	4,246
Cash, Bonds & Net						
Current Assets	4.7%	2,169	4.7%	2,303	5.1%	2,400
Property	6.5%	302	6.5%	244	7.0%	492
<b>Total</b>		<b>9,590</b>		<b>8,313</b>		<b>7,138</b>

The 2006 assets are based upon information provided by the Scheme administrators. The 2006 asset split is based upon the split from the 2005 accounts.

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

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
Total market value of assets	9,590	8,313	7,138
Present value of scheme liabilities	(12,346)	(11,020)	(9,162)
Deficit in the scheme	(2,756)	(2,707)	(2,024)
Related deferred tax liability	-	-	-
<b>Net Pension Liability</b>	<b>(2,756)</b>	<b>(2,707)</b>	<b>(2,024)</b>

	<b>Year ended 30 June 2006</b> <b>£'000</b>	<b>Year ended 30 June 2005</b> <b>£'000</b>	<b>Year ended 30 June 2004</b> <b>£'000</b>
<b>Analysis of the amount charged to operating profit</b>			
Current service cost	576	398	393
Life assurance premium	51	62	34
Total operating charge	627	460	427

<b>Analysis of amount credited to other finance income</b>			
Expected return on pension scheme assets	570	503	413
Interest on pension scheme liabilities	(561)	(525)	(437)
Net return	9	(22)	(24)

<b>Analysis of the amount recognised in Statement of Total Recognised Gains and Losses (STRGL)</b>			
Actual return less expected return on pension scheme assets	271	376	320
Experience gains and losses arising on scheme liabilities	(38)	(58)	30
Changes in assumptions underlying the present value of the scheme liabilities	(270)	(999)	(385)
Actuarial loss recognised in STRGL	(37)	(681)	(35)

**Movement in deficit during the period**

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000	Year ended 30 June 2004 £'000
Deficit in scheme in beginning of the period	(2,707)	(2,024)	(2,022)
Movement in the period:			
Current service cost plus Life Assurance	(627)	(461)	(427)
Contributions	606	481	484
Past service costs	-	-	-
Other finance income	9	(22)	(24)
Actuarial loss	(37)	(681)	(35)
Deficit in scheme at end of the period	(2,756)	(2,707)	(2,024)

The FRS 17 actuarial valuation at 30 June 2006 showed a deficit of £2,756k (2005: £2,707k).

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 £2.6m (2005:£2.2m).

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

	2006 £'000	2005 £'000
Deficit in the scheme at the end of the year	(2,756)	(2,707)
Included in the consolidated trust fund		
- Non scheme designated fund	2,572	2,202
Adjusted deficit in the scheme at the end of the year	(184)	(505)

**History of experience gains and losses**

Difference between expected and actual return on scheme assets:

Amount	271	377	320
Percentage of scheme assets	3%	5%	4%

Experience gains and losses on scheme liabilities:

Amount	(37)	(58)	30
Percentage of scheme liabilities	0%	-1%	0%

Total amount recognised in Statement of Total Recognised Gains and

Losses:

Amount	(37)	(681)	(35)
Percentage of scheme liabilities	0%	-6%	0%

## **20. PENSION SCHEMES (continued)**

### **Universities Superannuation Scheme**

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", the College accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2005. The assumptions which have the most significant effect on the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. 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 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion in line with recent experience) and pensions would increase by 2.9% per annum. In relation to the future service liabilities, it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum. The valuation was carried out using the projected unit method.

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

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

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

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. An additional factor which could impact the funding level of the scheme is that with effect from 16 March 2006, USS positioned itself as a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

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

The total pension cost for the College was £169k (2005: £172k). The contribution rate payable by the College was 14% of the pensionable salaries.

### **Teachers' Pension Scheme**

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

For schemes such as the Teachers' Pension Scheme, paragraph 9(b) of FRS17 requires the College to account for pension costs on the basis of contributions actually payable to the scheme in the year. The total pension cost for the College was £220k (2005: £207k).

## 20. PENSION SCHEMES (continued)

### Church of England Funded Pensions Scheme

The College participates in the Church of England Funded Pensions Scheme and employs 1 member of the Scheme out of a total membership of approximately 10,000 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the College is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. The latest valuation of the Scheme was carried out as at 31 December 2003. This revealed a shortfall of £91m, with assets of £196m and a funding target of £287m, assessed using the following assumptions.

- Investment return 6.8% pa
- Increase in pensionable stipends 3.8% pa
- Pension increases 3.8% pa

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

### 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 £82k (2005: £60k).

## 21. CONTRIBUTION ASSESSMENT

	<u>2006</u> <u>£'000</u>	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
21a. ASSESSABLE INCOME				
i. External Revenue:				
College Estates let at Rack Rent	6,165		5,903	
College Estates let on Building Leases	439		418	
Net income from Furnished Lettings	259		116	
Other income from Real property	113		-	
Dividends and Interest Gross	1,501	8,477	1,147	7,584
Less:				
Rates	97		84	
Insurance of College Buildings	115		114	
Agency, Management charges	1,520		1,387	
Transfer to Estates Repairs & Improvements Fund	1,764		1,671	
Interest payments	120		429	
Sinking Fund payments under Statute G,II,4(iv)	762		783	
Other deductions from External Revenue	107	(4,485)	144	(4,612)
ii. Trust & Other Funds Subject to Contribution				
Education Reserve Fund	19		19	
Scholarship & Exhibition Account	18		18	
Summary of Trust and Other Funds	1,388		1,261	
General Reserve Fund	40		41	
Pension Fund	51		49	
Composition Fund	34		33	
Consolidated Reserve Fund	675	2,225	78	1,499
ASSESSABLE INCOME		<u>6,217</u>		<u>4,471</u>
iii. Trust & Other Funds Not Subject to Contribution				
Insurance Fund	170		152	
Building Fund Under Statute G,II,4(vii)	88		76	
Summary of Trust and Other Funds	629	<u>887</u>	617	<u>845</u>

**21. CONTRIBUTION ASSESSMENT (continued)**

	<b><u>2006</u></b> <b><u>£'000</u></b>	<b><u>2006</u></b> <b><u>£'000</u></b>	<b><u>2005</u></b> <b><u>£'000</u></b>	<b><u>2005</u></b> <b><u>£'000</u></b>
<b>21b. DEDUCTIBLE ITEMS</b>				
Half sums paid to Scholars, Exhibitioners & Research Students	382		365	
Prizes	18		18	
Half maintenance of Chapel expenditure	266		221	
Net expenditure on College Library	388		360	
College Teaching Officers	251		264	
College Research Fellows	254		393	
College Building Fund under Statute G,II,4(vii)	228		242	
Donations for University Purposes:				
University Counselling Service	16		14	
Payment to University in support of:				
Research Fellows and holders of studentships	10		14	
Other Fellows	3		3	
Mathematics Faculty	60		60	
Humanities	100		100	
Classics	20		15	
English Faculty	15		20	
Philosophy and Modern & Mediaeval Languages	30		30	
Other sums approved under Statute G,II,4(xxiii)				
Archives	40	<u>2,081</u>	37	<u>2,156</u>
<b>21c. BUILDING FUND UNDER STATUTE G,II,4(vii)</b>		<b><u>2006</u></b> <b><u>£'000</u></b>		<b><u>2005</u></b> <b><u>£'000</u></b>
Opening balance		309		312
Transfer for 2005/06 approved under G,II,4(vii)		228		233
Income from Consolidated Trust Fund		87		76
Less:				
Transfers for investment		(308)		(312)
Closing balance		<u>316</u>		<u>309</u>
<b>21d. ESTATES REPAIRS AND IMPROVEMENTS FUND</b>	<b><u>2006</u></b> <b><u>£'000</u></b>	<b><u>2006</u></b> <b><u>£'000</u></b>	<b><u>2005</u></b> <b><u>£'000</u></b>	<b><u>2005</u></b> <b><u>£'000</u></b>
Opening Balance		1,528		635
Transfer approved under G,II,4(v)				
25% of: College Estate let at Rack Rent	6,165		5,903	
Assumed rent of unoccupied property	892		781	
	<u>7,057</u>	@ 25%	<u>6,684</u>	1,671
Less:				
Repairs and improvements on estates		(1,614)		(778)
Closing balance		<u>1,678</u>		<u>1,528</u>
<b>21e. INSURANCE FUND</b>	<b><u>2006</u></b> <b><u>£'000</u></b>	<b><u>2006</u></b> <b><u>£'000</u></b>	<b><u>2005</u></b> <b><u>£'000</u></b>	<b><u>2005</u></b> <b><u>£'000</u></b>
Opening balance		398		23
Income from Consolidated Trust Fund	170		152	
Dry rot claim	-	170	245	397
Less:				
Dry rot costs	22		-	
Transfers for investments	397	(419)	22	(22)
Closing Balance		<u>149</u>		<u>398</u>

## 22. RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS

	<b><u>1 July</u></b> <b><u>2005</u></b> <b><u>£'000</u></b>	<b><u>Cashflow</u></b> <b><u>£'000</u></b>	<b><u>30 June</u></b> <b><u>2006</u></b> <b><u>£'000</u></b>
Cash at bank	736	(736)	-
Bank overdraft	-	(414)	(414)
Cash on deposit	4,000	9,150	13,150
Cash held for reinvestment	2,575	5,919	8,494
Net funds	<u>7,311</u>	<u>13,919</u>	<u>21,230</u>
		<b><u>2006</u></b> <b><u>£'000</u></b>	<b><u>2005</u></b> <b><u>£'000</u></b>
Decrease in cash in the year		(1,150)	(364)
Cash outflow/(inflow) from increase/(decrease) in liquid resources		15,069	(7,493)
Change in net funds resulting from cash flows		13,919	(7,857)
Movement in net funds in year			
Net funds at 1 July		7,311	15,168
Net funds at 30 June		<u>21,230</u>	<u>7,311</u>

## 23. CONTINGENT LIABILITIES

The College has made no additional provisions for liabilities in respect of University Contribution that may arise from the proposals and enquiries which have been issued recently by the University of Cambridge. There is uncertainty and doubt about the timing and extent of the implementation of the proposals. Accordingly, the College will only recognise changes when they have been formally agreed. The changes that may affect the College relate principally to sinking funds of the College, deductions in respect of which are set out in Note 21a.

## 24. RELATED PARTY TRANSACTIONS

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

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



## 25. SUBSIDIARY UNDERTAKINGS

The College's trading and dormant subsidiary undertakings at 30 June 2006 were:

<b>Undertaking</b>	<b>Activity</b>
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