ST JOHN'S COLLEGE
CAMBRIDGE

Annual Report and Accounts

for the year ended
30 June 2007

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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 31 October 2007, the College had 136 Fellows and 874 junior members comprising 534 undergraduates and 340 graduates. As at 30 June 2007, the College itself and its subsidiaries had 335 staff (full-time equivalent). In addition, as at 31 October 2007, St John's College School, the source of choristers for the College's world renowned choir, had 91 staff (full-time equivalent) and 449 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, the research activities of its Fellows 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 acts as a board of scrutiny and reports to the Governing Body.

The Visitor of the College is the Bishop of Ely.

Members of the Governing Body and the College Council, as at 31 October 2007, 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 2007, 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 31 October 2007 are set out below (with members of the Council marked with an asterisk).

Master: Professor C.M. Dobson*
President: Dr A.M. Nicholls*

Other Fellows (in order of election)

Professor Sir M.V. Wilkes
Dr E.D. James
Professor R.A. Hinde
Dr R.H. Prince
Professor Sir J.R. Goody
Mr G.G. Watson
Dr J.A. Charles
Dr D.J.H. Garling
Professor R.N. Perham
Dr G.A. Reid
Professor P. Boyde
Dr J.A. Leake
Dr P.A. Linehan
Dr A.J. Macfarlane
Professor D.L. McMullen
Dr E.K. Matthews
Mr R.G. Jobling
Dr A.A. Macintosh
Professor J. Staunton
Dr C.M.P. Johnson
Professor M.A. Clarke
Dr A.G. Smith
Professor J.A. Emerton
Dr R.A. Green
Professor J. Iliffe
Dr J.H. Matthewman
Professor M. Schofield
Dr G.A. Lewis
Professor R.F. Griffin
Dr T.P. Bayliss-Smith
Professor S.F. Gull
Dr H.P. Hughes
Dr P. Goddard
Professor P.T. Johnstone*
Professor I.M. Hutchings
Dr H.R.L. Beadle
Dr J.B. Hutchison
Professor S.F.C. Milsom
Professor N.M. Bleehen
Dr D.G.D. Wight
Dr J.A. Alexander
Professor Sir R.H. Friend
Dr R.E. Glasscock
Professor R.P. Tombs*
Dr R.E. McConnel
Dr D.R. Midgley
Professor P.H. Matthews
Dr M. Richards
Professor J.F. Kerrigan
Professor G.J. Burton
Professor G.C. Horrocks
Professor Sir P.S. Dasgupta
Professor M.E. Welland
Dr H.R. Matthews
Professor B.J. Heal
Dr T.P. Hynes
Professor I.N. McCave
Dr A.C. Metaxas
Colonel R.H. Robinson
Professor S. Conway Morris
Professor E.D. Laue
Dr S.A. Edgley
Mr R.A. Evans
Dr S.M. Colwell*
Dr H.E. Watson
Dr J.P. McDermott*
Professor C.O. Lane
Dr C.J. Robinson
Professor Y.M. Suhov
Dr S.R.S. Szreter
Professor D.J. Howard
Mr R.C. Nolan
Dr M.M.G. Lisboa
Dr U.C. Rublack
Professor B.D. Simons
Dr K.C. Plaisted*
Dr M. Ní Mhaonaigh
Dr J.B. Spencer
Professor D.C. McFarlane
Professor C.D. Gray
Dr I.M. Winter
Professor N.S. Manton*
Dr N.S. Arnold
Dr S. Castelvecchi
Professor A.-L. Kinmonth
Dr J.M. Lees*
Professor A.D.H. Wyllie
Professor S.C. Reif
Dr D.M. Fox
Dr D.M.A. Stuart
Dr M. Dörrzapf*
Dr V.J.L. Best
Dr P. Antonello
Dr P.T. Miracle*
Professor A.W. Woods*
Commodore J.W.R. Harris
Dr S.M. Best
Dr P.M. Geraats
Dr S.E. Sällström Matthews
Dr P.T. Wood
Dr M.S. Olsaretti
Dr E.J. Gowers
Dr P. Batsaki
Mr D.J. Dormor
Professor U.C. Goswami
Dr R.J. Samworth
Professor G.W.W. Barker
Dr K. Johnstone
Dr A.B. Reddy
Dr D.L. Williams
Miss S. Tomaselli*
Dr G.S.X.E. Jefferis
Mr C.F. Ewbank
Mr E.W. Holberton
Mr I.S. Burns
Dr A. Galy
Dr F.E. Salmon
Dr C.G. Warnes
Dr S.M. Humphrey
Dr M.J.V.P. Worthington
Mr J.D. Billett
Mr M.E. Pagitz
Professor F.M. Watt
Dr C.D. Jiggins
Dr R.H.G. Garner
Dr D. Burdakov
Mr S.W. Teal
Mr A.M. Nethsingha
Dr A.L. Mallam
Mr J.R. Mair
Ms A.G. Kesby
Dr T. Larsson
Mr D.G. Conlon
Dr R. D. Mullins

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

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 2007. 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 Centre 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 third 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 2005/06 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 2006 and 2007 are summarised below:

	2006/07	**2005/06**
	£	**£**
Income	27,223,000	25,513,000
Expenditure	25,645,000	24,595,000
Operating surplus	1,578,000	918,000
University contribution	611,000	496,000
Surplus after University Contribution	967,000	422,000
Transfers to accumulated income within restricted expendable capital	(343,000)	(434,000)
Retained surplus/(deficit) for the year	624,000	(12,000)

Income rose by £1,710,000 (6.7%) in 2006/07 whilst expenditure rose by £1,050,000 (4.3%). As a result, the College moved from an operating surplus of £918,000 in the previous year, to an operating surplus of £1,578,000. After the payment of University Contribution, the College made a surplus of £967,000 compared with a surplus of £422,000 the previous year. After the transfer of certain income to accumulated income within restricted expendable capital, the College made a surplus for the year of £624,000 compared with a deficit of £12,000 in the previous year.

The College incurred capital expenditure on tangible fixed assets during the year amounting to £3,544,000 (compared to a previous year figure of £2,643,000), allowing for transfers to and from investments. The increased expenditure reflects the early stages of the implementation of the College's building refurbishment programme.

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 2006/07, with total income being £27,223,000, up £1,710,000 (6.7%) from the previous year. The main reason for the increase was a rise in endowment income of £1,005,000 (with increases in income from property, fixed-income and deposit investments). Income from equities fell because last year included special dividends of £933,000 which were not repeated this year.

Academic fees and charges

Total academic fees and charges received in the year were £2,427,000, up £183,000 (8.2%) from £2,244,000 in the previous year.

College fees for undergraduates

The main component of the academic fees and charges is the college fee, which amounted to £1,726,000 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 £3,339, up 5.5% 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). With the introduction of top-up fees payable to the University, this real decrease was 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 and will be indexed to inflation from that point.

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 £3,755 per capita and totalled £213,000 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 £2,013 per capita and totalled £402,000 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 £5,095,000, up 3.8% 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. 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. The total catering income from College members was £936,000 in the year.

Conferences and functions

The College continues to operate 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 £1,405,000 in the year, up £165,000 (13.3%) 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 gross endowment income increased to £13,233,000 from £12,228,000, a rise of £1,005,000 (8.2%) representing an increase as a proportion of total income from 47.9% to 48.6%. 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 £4,134,000, a decrease of £289,000 (6.5%) on the previous year driven by the non-recurrence of special dividends received in the prior year.

There was a rise in income from the property portfolio which reached £8,022,000, up £711,000 (9.7%) 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 significant increase in income from interest on cash balances arising from both higher cash balances and increased deposit rates.

Donations and benefactions of £181,000, 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 £4,625,000 in the school's financial year ended 31 August 2007, up £180,000 (4.0%) on the previous year. 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 £1,571,000 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 £25,645,000 in 2006/07, up £1,050,000 (4.3%) 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.

Education

Spending on education during the year totalled £7,864,000 which was up £491,000 (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. 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 careers. 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 was introduced in 2006 which is funded by the University, the Cambridge Colleges (including St John's), the Isaac Newton Trust (which also administers the scheme) and corporate sponsors. The scheme pays a substantial bursary 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.

Other

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

Residences, catering and conferences

Expenditure on residences, catering and conferences totalled £8,985,000 in the year, up £179,000 (2.0%) on the prior year. Of this expenditure, £6,581,000 was in respect of accommodation and £2,404,000 was in respect of catering. Expenditure on accommodation and catering for College members totalled £7,759,000, whilst expenditure attributed to the College's conference and private catering activities totalled £1,226,000 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 £4,353,000, up £282,000 (6.9%) 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 £2,615,000, up £139,000 (5.6%) on the previous year.

Fundraising and alumni-relations costs were £381,000 in the year, up £56,000 (17.2%) on the previous year. These costs are shown in aggregate since both activities are carried out by the College's Development Office. The increase in these costs reflects the College's decision to invest further in its alumni relations and fundraising activities.

Expenditure on the St John's Innovation Centre and other subsidiary activity was £1,294,000, down £44,000 (3.3%) 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 2006/07 amounted to £611,000.

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 £11,993,000, an increase of £621,000 (5.5%) on the previous year. This rise reflects increased pension contributions and certain staff changes. This represents some 46.8% of the total expenditure of the College.

Other operating expenses

Other operating expenses of the College were £10,202,000, up £304,000 (3.1%) on the previous year.

Depreciation

Included within educational expenditure, residences, catering and conferences expenditure and other expenditure is a total of £3,450,000 of depreciation of which £3,241,000 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 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 £567,390,000 at 30 June 2007, up £45,717,000 (8.8%) 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. At 30 June 2007, unrestricted, undesignated, expendable capital reserves stood at £11,317,000.

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 generally 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 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 and the College recognises the importance of optimising the returns from its investment portfolio. The College has carried out a review of its asset allocation and a strategic review of its property portfolio 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 2007 was £335,407,000, up £36,947,000 (12.4%) from its value at 30 June 2006.

£195,502,000 (58.3%) of the investment portfolio is currently invested in property. The property portfolio is invested in a mix of agricultural, commercial (office, industrial and retail) and residential properties, the latter mostly in Cambridge. These property investments are managed by Cordea Savills LLP, Savills (L&P) Limited, 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 is relatively large and it is intended that over time the proportion of the portfolio invested in property will reduce, both as a result of property sales and through new fundraising by the College being primarily invested in assets other than property.

As at 30 June 2007, the equities and fixed-income portfolio had a value of £125,923,000, representing 37.5% of the overall portfolio. 34.7% was invested in equities (predominantly in the UK, North America and continental Europe) and 2.8% in bonds.

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. As at 30 June 2007, the College held a small number of unquoted securities with a valuation of £1,058,000 (representing 0.3% of the overall portfolio).

In addition, at 30 June 2007, the College held cash for reinvestment amounting to £12,924,000 (representing 3.9% of the portfolio).

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 £7,542,000 approximately the same as the previous year's cash outflow of £7,548,000. Working capital decreased by £914,000.

Net cash inflow from endowment income was £13,233,000, up £1,005,000 (8.2%) on the previous year.

This gave a positive cashflow for 2006/07 before University Contribution and capital transactions of £5,691,000, up £1,011,000 (21.6%) from the previous year.

Capital receipts totalled £33,200,000, comprising primarily £29,894,000 from sales of securities and investment properties in the year and £3,305,000 from donations and benefactions of a capital nature.

Total capital expenditure in the year amounted to £25,013,000, of which £21,469,000 was spent on fixed asset investments and £3,544,000 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 £8,187,000 leading to an increase in short term deposits and cash in the year of £13,382,000.

Capital Expenditure

Refurbishment programme

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 2006/07 the College spent a total of £3,544,000 on improvements to its operational buildings. This increased level of expenditure on the prior year (£2,468,000) reflects the early stages of implementation of the College's significant building refurbishment programme. It is likely that expenditure in future years will rise substantially as 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), and other refurbishment projects are implemented.

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 individuals in College will be charged with responsibility for evaluating the risks coming within their areas of responsibility and advising the Council on the nature of the risk, the probability of occurrence and severity of impact, as well as steps taken to mitigate the risk. Through the Risk Register, the College will seek to identify and manage risks. However, the nature of the College's activities is such that the College is faced with a large number of risks, not all of which can be mitigated 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. The College believes that its endowment will have to grow significantly if it is to sustain, and build on, its success to date and the College is increasingly active in fund-raising. It is closely involved with the University of Cambridge in the Cambridge 800^{th} 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. In 2006/07, donations and benefactions to the College totalled £3,486,000. The College is preparing to launch a Campaign centred around the College's 500^{th} 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, significant financial challenges many of which are common to the University and other Cambridge Colleges.

The College seeks to respond to these challenges by focussing on efficient financial management and endeavouring 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.

On behalf of the College Council

Christopher Dobson　　Chris Ewbank

Professor Christopher Dobson　　Chris Ewbank
Master　　Senior Bursar
8 November 2007

Statement of Responsibilities of the College Council

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

The Council is responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards.

The Council is responsible for preparing the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the College and of the surplus or deficit of the Group for that period. In preparing those financial statements the Council:

- Selects suitable accounting policies and applies them consistently;

- Makes judgements and estimates that are reasonable and prudent;

- States whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- Prepares the financial statements on the going concern basis unless it is inappropriate to presume that the Group and College will continue in operation.

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

The Council is responsible for sending the Annual Report and Accounts in the form prescribed by the University Statutes to the University by the prescribed deadline.

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

Independent Auditors' Report 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 2007 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 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Governing Body, in accordance with our engagement letter dated 23 October 2007. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the College's Council and auditors

As described in the statement of the responsibilities of the College Council, the College Council is responsible for the preparation of the financial statements in accordance with applicable United Kingdom 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 the Annual Report and Accounts in the form prescribed by the University Statutes to the University as set out in the Responsibilities of the College Council on page 15.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and 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 the accounting policies set out therein, 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 Annual Review is not consistent with the financial statements, if the Group or 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 Annual Report and Accounts 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 and 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:

(a) the financial statements give a true and fair view of the state of affairs of the College and the Group as at 30 June 2007 and of the income and expenditure of the Group for the year then ended and have been properly prepared in accordance with the accounting policies set out therein and the Statutes of the College and the University of Cambridge; and

(b) the contribution due from the College to the University as set out in note 21 has been correctly calculated in accordance with the provisions of University Statute G, II.

Deloitte & Touche LLP

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

8 November 2007

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 2007. 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 Total 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 as at 30 June 2007.

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	Note	2007 £'000	2006 £'000
INCOME			
Academic fees and charges	1	2,427	2,244
Residences, catering and conferences	2	5,095	4,909
Endowment income	3	13,233	12,228
Other income	4	6,468	6,132
Total Income		**27,223**	**25,513**
EXPENDITURE			
Education	5	7,864	7,373
Residences, catering and conferences	6	8,985	8,806
Other expenditure	7	8,796	8,416
Total Expenditure		**25,645**	**24,595**
Operating surplus		**1,578**	**918**
University Contribution under Statute G,II	10	611	496
Surplus after University Contribution		**967**	**422**
Transfers to accumulated income within restricted expendable capital		(343)	(434)
Retained surplus/(deficit) for the year		**624**	**(12)**

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

Consolidated Statement of Total Recognised Gains and Losses

Year to 30 June	Restricted funds		Unrestricted funds		2007	2006
	Collegiate purposes £'000	Non-collegiate purposes £'000	Designated funds £'000	Undesignated funds £'000	Total £'000	Total £'000
Balance b/f 1 July	31,572	11,323	245,334	233,444	**521,673**	**480,229**
Transfers to accumulated income within restricted expendable capital	179	164	-	-	**343**	434
Retained surplus/(deficit) for the year	-	-	(886)	1,510	**624**	(12)
Benefactions and donations	2,821	58	426	-	**3,305**	2,820
Dilapidations (capital income)	-	-	-	1	**1**	-
Increases in market value of investments	5,803	2,126	6,747	26,266	**40,942**	38,239
Actual return less expected return on pension scheme assets	-	-	302	-	**302**	271
Changes in assumptions underlying the present value of the pension scheme liabilities	-	-	(182)	-	**(182)**	(270)
Experience gains and (losses) arising on the pension scheme liabilities	-	-	382	-	**382**	(38)
Account transfers	(222)	(31)	143	110	**-**	-
Total recognised gains for the year	**8,581**	**2,317**	**6,932**	**27,887**	**45,717**	**41,444**
Balance c/f 30 June	**40,153**	**13,640**	**252,266**	**261,331**	**567,390**	**521,673**

The surplus of the College (including the School) for the year was £1,395k (2006:£1,000k) before transfers to accumulated income within restricted expendable capital.

Consolidated Balance Sheet

As at 30 June	Note	2007 £'000	2006 £'000
FIXED ASSETS			
Tangible assets	11	214,423	214,329
Investments	12	335,407	298,460
		549,830	512,789
CURRENT ASSETS			
Stock		626	604
Debtors			
- due within one year	13	1,753	1,442
- due after one year	13	628	645
Current investments	14	21,400	13,150
Cash at bank		450	-
		24,857	15,841
Creditors: amounts falling due within one year	15	(5,271)	(4,190)
Net current assets		19,586	11,651
Total Assets less current liabilities		569,416	524,440
Creditors: amounts falling due after more than one year	16	(23)	(11)
Pension liability	20	(2,003)	(2,756)
NET ASSETS		**567,390**	**521,673**

Capital and reserves	Note	Income/ expendable Capital funds	Permanent Capital funds	Total 2007 £'000	Total 2006 £'000
Restricted funds held for collegiate purposes*	17	16,467	23,686	40,153	31,572
Restricted funds held for non-collegiate purposes*	17	2,945	10,695	13,640	11,323
Unrestricted funds	17	188,181	325,416	513,597	478,778
TOTAL				**567,390**	**521,673**

These accounts were approved by the College Council on 8 November 2007 and signed on their behalf by:

Professor Christopher Dobson
Master

Chris Ewbank
Senior Bursar

* as defined by University Statute G,II

College Balance Sheet

As at 30 June	Note	2007 £'000	2006 £'000
FIXED ASSETS			
Tangible assets	11	214,489	214,241
Investments	12	362,014	323,971
		576,503	538,212
CURRENT ASSETS			
Stock		472	480
Debtors			
- due within one year	13	8,534	8,595
- due after one year	13	228	245
Current investments	14	21,400	12,900
		30,634	22,220
Creditors: amounts falling due within one year	15	(41,201)	(39,633)
Net current liabilities		(10,567)	(17,413)
Total Assets less current liabilities		565,936	520,799
Creditors: amounts falling due after more than one year	16	(23)	(11)
Pension liability	20	(2,003)	(2,756)
NET ASSETS		**563,910**	**518,032**

Capital and reserves	Note	Income/ expendable Capital funds	Permanent Capital funds	Total 2007 £'000	Total 2006 £'000
Restricted funds held for collegiate purposes*	17	16,467	23,686	40,153	31,572
Restricted funds held for non-collegiate purposes*	17	2,945	10,695	13,640	11,323
Unrestricted funds	17	184,701	325,416	510,117	475,137
TOTAL				**563,910**	**518,032**

These accounts were approved by the College Council on 8 November 2007 and signed on their behalf by:

Professor Christopher Dobson
Master

Chris Ewbank
Senior Bursar

* as defined by University Statute G,II

Consolidated Cash Flow Statement

Year to 30 June	Note	2007 £'000	2006 £'000
OPERATING ACTIVITIES			
Operating surplus		1,578	918
Depreciation	9	3,450	3,325
Pension scheme movements		(251)	12
Endowment and investment income		(13,233)	(12,228)
Increase in stock		(22)	(13)
Increase in debtors		(294)	(42)
Increase in creditors		1,230	480
Net cash outflow from operating activities		**(7,542)**	**(7,548)**
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Endowment and investment income received		13,233	12,228
Net cash inflow from returns on investments and servicing of finance		**13,233**	**12,228**
CONTRIBUTION TO COLLEGES FUND		**(496)**	**(280)**
CAPITAL EXPENDITURE & FINANCIAL INVESTMENT			
Receipts from sale of fixed asset investments		29,894	27,273
Dilapidations income		1	-
Donations and benefactions		3,305	2,820
Total capital receipts		33,200	30,093
Purchase of tangible fixed assets		(3,544)	(2,468)
Purchase of fixed asset investments		(21,469)	(18,106)
Total capital expenditure		(25,013)	(20,574)
Net cash inflow from capital transactions		**8,187**	**9,519**
MANAGEMENT OF LIQUID RESOURCES			
Increase in short term deposits		(12,680)	(15,069)
Net cash outflow from management of liquid resources		**(12,680)**	**(15,069)**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**22**	**702**	**(1,150)**

Notes to the Accounts

1. ACADEMIC FEES AND CHARGES

	2007 £'000	2006 £'000
COLLEGE FEES		
Fee income paid on behalf of undergraduates eligible for student support (per capita fee £3,339)	1,726	1,635
Other undergraduate fee income (per capita fee £3,755)	213	146
Graduate fee income (per capita fee £2,013)	402	417
	2,341	2,198
Other income	86	46
Total	**2,427**	**2,244**

2. RESIDENCES, CATERING AND CONFERENCES INCOME

		2007 £'000	2006 £'000
Accommodation	College members	2,754	2,739
	Conferences	390	403
Catering	College members	936	930
	Conferences	1,015	837
Total		**5,095**	**4,909**

3. ENDOWMENT INCOME

	2007 Income from restricted funds for collegiate purposes* £'000	2007 Income from restricted funds for non-collegiate purposes* £'000	2007 Income from unrestricted funds £'000	2007 Total £'000	2006 Total £'000
Income from:					
Freehold land and buildings	53	-	7,969	8,022	7,311
Quoted securities – equities	895	332	1,716	2,943	3,435
Quoted securities – fixed interest	-	-	1,191	1,191	988
Royalties	-	-	5	5	6
Cash	63	6	822	891	314
Donations and benefactions	3	159	19	181	174
Total	**1,014**	**497**	**11,722**	**13,233**	**12,228**

* as defined by University Statute G,II

Liability to Contribution under Statute G,II:	Note	2007 £'000	2006 £'000
Endowment income liable to Contribution	10	11,374	10,702
Endowment income not liable to Contribution	10	1,859	1,526
		13,233	**12,228**

Investment management costs	2007 £'000	2006 £'000
Investment portfolio	256	263

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

	2007 £'000	2006 £'000
School	4,625	4,445
Tourism & merchandise	105	89
Contributions to the running of sports facilities and clubs	38	38
Grant income	62	-
Miscellaneous	64	53
Asset sales	3	-
St John's Innovation Centre and other subsidiary activity not included above	1,571	1,507
Total	**6,468**	**6,132**

5. EDUCATION EXPENDITURE

	2007 £'000	2006 £'000
Teaching	3,540	3,229
Tutorial	1,244	1,133
Admissions	345	320
Research	1,147	1,137
Scholarships and Awards	1,065	903
Other educational facilities	458	554
Other expenses	65	97
Total	**7,864**	**7,373**

6. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

		2007 £'000	2006 £'000
Accommodation	College members	6,321	6,293
	Conferences	260	258
Catering	College members	1,438	1,462
	Conferences	966	793
Total		**8,985**	**8,806**

7. OTHER EXPENDITURE

	2007 £'000	2006 £'000
School	4,353	4,071
Agency & management	2,458	2,195
Estates repairs	157	281
Fundraising and alumni relations	381	325
Miscellaneous expenditure (including charitable gifts)	153	206
St John's Innovation Centre and other subsidiary activity not included above	1,294	1,338
Total	**8,796**	**8,416**

8. STAFF COSTS

	College Fellows 2007 £'000	Other Academics 2007 £'000	Non-Academics 2007 £'000	Total 2007 £'000	Total 2006 £'000
Staff Costs					
Emoluments	1,477	87	8,499	10,063	9,515
Social security costs	114	4	672	790	753
Other pension costs (see note 20)	142	5	993	1,140	1,104
Total	**1,733**	**96**	**10,164**	**11,993**	**11,372**

Staff Numbers	College Fellows 2007	Other Academics 2007	Non-Academics 2007	Total 2007	Total 2006
Stipendary fellows	86	-	-	86	90
Average staff numbers (full-time equivalents)	-	20	391	411	392
Total	**86**	**20**	**391**	**497**	**482**

	2007	2006
The Governing Body of the College, comprising all Fellows, at 30 June was	134	133

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 (including employer pension contributions) in the following ranges was:

	2007	2006
£70,000 - £79,999	2	1
£80,000 - £89,999	3	1
£90,000 - £99,999	1	1

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

a. Year ended 30 June 2007	Staff costs (Note 8) £'000	Other operating expenses £'000	Depreciation £'000	**Total £'000**
Education (Note 5)	3,502	3,425	937	**7,864**
Residences, catering and conferences (Note 6)	4,068	2,456	2,461	**8,985**
Other (Note 7)	4,423	4,321	52	**8,796**
Total	11,993	10,202	3,450	**25,645**

b. Year ended 30 June 2006	Staff costs (Note 8) £'000	Other operating expenses £'000	Depreciation £'000	**Total £'000**
Education (Note 5)	3,179	3,289	905	**7,373**
Residences, catering and conferences (Note 6)	3,987	2,430	2,389	**8,806**
Other (Note 7)	4,206	4,179	31	**8,416**
Total	11,372	9,898	3,325	**24,595**

10. CONTRIBUTION UNDER STATUTE G,II

	Note		2007 £'000	2006 £'000
Endowment income as per Income and Expenditure Account	3		13,233	12,228
Less: items not assessable to Contribution:				
Donations and bequests		181		174
Effects of consolidation and presentation adjustments		735		405
Deductions from external revenue	21a	3,784		4,485
Trust & Other Funds not subject to Contribution		943		947
			(5,643)	(6,011)
Assessable income	21a		7,590	6,217
Less: Deductible items	21b		(2,099)	(2,081)
Net assessable income			5,491	4,136
Assessment:				
£300k @ 2% (2006: 250k @ 2%)			6	5
£300k @ 6% (2006: 250k @ 7%)			18	18
£3,636k at 13%			-	473
£4,891k at 12%			587	-
Contribution payable			**611**	**496**

11. TANGIBLE FIXED ASSETS

CONSOLIDATED	2007 Freehold land and buildings £'000	2007 Assets under construction £'000	2007 Furniture and equipment £'000	2007 Computer equipment £'000	**2007 Total £'000**	**2006 Total £'000**
COST/VALUATION						
At 1 July 2006	222,131	1,236	683	301	224,351	221,720
Additions at cost	2,841	2,882	546	48	6,317	2,468
Disposals at cost	-	-	(14)	-	(14)	(12)
Transfers to investment property	-	(2,773)	-	-	(2,773)	175
Cost/valuation as at 30 June 2007	224,972	1,345	1,215	349	227,881	224,351
DEPRECIATION						
At 1 July 2006	9,503	-	369	150	10,022	6,709
Charge for the year	3,241	-	147	62	3,450	3,325
Eliminated on disposals	-	-	(14)	-	(14)	(12)
Depreciation at 30 June 2007	12,744	-	502	212	13,458	10,022
Net Book value						
At 30 June 2007	212,228	1,345	713	137	214,423	214,329
At 30 June 2006	212,628	1,236	314	151	214,329	215,011

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 2007 was £234,318k (2006 - £223,031k).

11. TANGIBLE FIXED ASSETS (continued)

COLLEGE	2007 Freehold land and buildings £'000	2007 Assets under construction £'000	2007 Furniture and equipment £'000	2007 Computer equipment £'000	**2007 Total £'000**	**2006 Total £'000**
COST/VALUATION						
At 1 July 2006	222,154	1,230	405	301	224,090	221,503
Additions at cost	2,841	3,047	510	48	6,446	2,412
Transfers to investment property	-	(2,773)	-	-	(2,773)	175
Cost/valuation as at 30 June 2007	224,995	1,504	915	349	227,763	224,090
DEPRECIATION						
At 1 July 2006	9,504	-	196	149	9,849	6,549
Charge for the year	3,242	-	121	62	3,425	3,300
Depreciation at 30 June 2007	12,746	-	317	211	13,274	9,849
Net Book value						
At 30 June 2007	212,249	1,504	598	138	214,489	214,241
At 30 June 2006	212,650	1,230	209	152	214,241	214,954

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 2007 was £234,318k (2006 - £223,031k).

12. INVESTMENTS

	Consolidated 2007 £'000	**College 2007 £'000**	**Consolidated 2006 £'000**	**College 2006 £'000**
Balance at 1 July 2006	298,460	323,971	263,644	289,155
Additions	18,696	18,696	18,106	18,083
Disposals	(29,894)	(28,533)	(27,273)	(26,672)
Transfer of investment properties from and (to) fixed assets	2,773	2,773	(175)	(175)
Appreciation on disposal or revaluation	40,942	40,677	38,239	37,661
Increase in cash balances held at fund managers	4,430	4,430	5,919	5,919
Balance as at 30 June 2007	**335,407**	**362,014**	**298,460**	**323,971**
Represented by:				
Freehold land and buildings	195,502	190,945	177,549	171,898
Quoted securities – equities	116,438	116,438	101,135	101,135
Quoted securities – fixed interest	9,485	9,485	10,413	10,413
Unquoted securities	1,058	32,222	869	32,031
Cash held for reinvestment	12,924	12,924	8,494	8,494
	335,407	**362,014**	**298,460**	**323,971**

13. DEBTORS

	Consolidated 2007 £'000	College 2007 £'000	Consolidated 2006 £'000	College 2006 £'000
Amounts falling due within one year				
Loans	32	28	29	24
Amounts owed to group undertakings	-	7,343	-	7,659
Net trade debtors	633	482	793	585
Income Tax	198	134	71	71
Other debtors	161	-	279	-
Prepayment	241	241	221	221
Accrued income	488	306	49	35
	1,753	8,534	1,442	8,595
Amounts falling due after one year:				
Loans	628	228	645	245

Trade debtors are shown net of student prepayments £915k (2006 - £867k).

14. CURRENT ASSET INVESTMENTS

	Consolidated 2007 £'000	College 2007 £'000	Consolidated 2006 £'000	College 2006 £'000
Cash on deposit	21,400	21,400	13,150	12,900

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated 2007 £'000	College 2007 £'000	Consolidated 2006 £'000	College 2006 £'000
Bank loan and overdrafts	162	162	414	605
Trade creditors	1,110	778	865	703
Amounts owed by group undertakings	-	36,671	-	35,679
Accruals	1,732	1,431	1,098	903
Loans	-	-	133	133
Sundry creditors	1,672	1,635	1,218	1,202
Tax & VAT	595	524	462	408
	5,271	**41,201**	**4,190**	**39,633**

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

	Consolidated 2007 £'000	College 2007 £'000	Consolidated 2006 £'000	College 2006 £'000
Sundry creditors	**23**	**23**	**11**	**11**

17. CAPITAL AND RESERVES

Consolidated reserves

	2007 Income/ expendable capital funds £'000	2007 Permanent capital funds £'000	2007 Consolidated Total £'000	2006 Consolidated Total £'000
Restricted funds:				
Funds for collegiate purposes*				
Trust funds	16,467	23,686	**40,153**	31,572
Funds for non collegiate purposes*				
Trust funds	2,945	10,695	**13,640**	11,323
Unrestricted funds:				
Designated reserves				
Donations and benefactions	24,181	12,544	**36,725**	31,342
Fixed assets	151,558	62,858	**214,416**	214,176
Pension deficit	(2,003)	-	**(2,003)**	(2,756)
Servants pension fund	3,128	-	**3,128**	2,572
Total designated reserves	**176,864**	**75,402**	**252,266**	**245,334**
Undesignated reserves				
Donations and benefactions	6,144	-	**6,144**	5,154
Corporate capital	-	249,828	**249,828**	221,812
Other reserves	5,173	186	**5,359**	6,478
Total unrestricted capital	**188,181**	**325,416**	**513,597**	**478,778**
Total capital and reserves	**207,593**	**359,797**	**567,390**	**521,673**

College reserves

	2007 Income/ expendable capital funds £'000	2007 Permanent capital funds £'000	2007 College Total £'000	2006 College Total £'000
Restricted funds				
Funds for collegiate purposes*				
Trust funds	16,467	23,686	**40,153**	31,572
Funds for non collegiate purposes*				
Trust funds	2,945	10,695	**13,640**	11,323
Unrestricted funds:				
Designated reserves				
Donations and benefactions	24,181	12,544	**36,725**	31,342
Fixed assets	151,558	62,858	**214,416**	214,176
Pension deficit	(2,003)	-	**(2,003)**	(2,756)
Servants pension fund	3,128	-	**3,128**	2,572
Total designated reserves	**176,864**	**75,402**	**252,266**	**245,334**
Undesignated reserves				
Donations and benefactions	6,144	-	**6,144**	5,154
Corporate capital	-	249,828	**249,828**	221,812
Other reserves	1,693	186	**1,879**	2,837
Total unrestricted capital	**184,701**	**325,416**	**510,117**	**475,137**
Total capital and reserves	**204,113**	**359,797**	**563,910**	**518,032**

* as defined by University Statute G,II

17. CAPITAL AND RESERVES (continued)

Reconciliation of movements in capital and reserves:

	2007	**2007**	**2007**	**2007**	**2007**	**2007**	**2007**	**2007**	**2007 College Total**	**2007 Group Funds**	**2007 Consolidated Total**	**2006 Consolidated Total**
	Restricted funds				Unrestricted funds					Unrestricted funds		
	Funds for collegiate purposes		Funds for non-collegiate purposes		Designated funds		Undesignated funds			Undesignated funds		
	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	£'000	Income/ expendable Capital funds £'000	£'000	£'000
Balance b/f 1 July 2006	11,594	19,978	2,385	8,938	171,936	73,398	7,832	221,971	518,032	3,641	521,673	480,229
Increases in the year	4,888	3,861	579	1,757	7,261	2,004	1,087	28,043	49,480	-	49,480	43,653
Decreases in the Year	(15)	(153)	(19)	-	(2,333)	-	(1,082)	-	(3,602)	(161)	(3,763)	(2,209)
Balance c/f 30 June 2007	16,467	23,686	2,945	10,695	176,864	75,402	7,837	250,014	563,910	3,480	567,390	521,673

Capital is invested in the following categories of assets:

	2007	**2007**	**2007**	**2007**	**2007**	**2007**	**2007**	**2007**	**2007 College Total**	**2007 Group Funds**	**2007 Consolidated Total**	**2006 Consolidated Total**
	Restricted funds				Unrestricted funds					Unrestricted funds		
	Funds for collegiate purposes		Funds for non-collegiate purposes		Designated funds		Undesignated funds			Undesignated funds		
	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	£'000	Income/ expendable Capital funds £'000	£'000	£'000
Tangible assets	-	-	-	-	151,631	62,858	-	-	214,489	(66)	214,423	214,329
Investments	15,958	23,317	2,835	10,695	31,151	12,544	40,221	225,293	362,014	(26,607)	335,407	298,460
Net current assets/(liabilities)	509	369	110	-	(3,915)	-	(32,384)	24,721	(10,590)	30,153	19,563	11,640
Pension scheme deficit	-	-	-	-	(2,003)	-	-	-	(2,003)	-	(2,003)	(2,756)
	16,467	23,686	2,945	10,695	176,864	75,402	7,837	250,014	563,910	3,480	567,390	521,673

17. CAPITAL AND RESERVES (continued)

Analysis of restricted and designated funds

Primary purposes of restricted and designated funds	2007 Restricted Funds £'000	2007 Unrestricted Funds £'000	Total 2007 £'000	Total 2006 £'000
Student Support				
Access bursaries	5,668	74	5,742	2,993
Hardship	97	215	312	289
Junior members scholarships and awards	36,385	5,289	41,674	34,569
Prizes	2,304	90	2,394	1,996
Sport	326	(56)	270	231
Travel	858	43	901	736
	45,638	5,655	51,293	40,814
Teaching and Research				
Fellowship and research	492	179	671	558
Library and archives	967	1,691	2,658	2,231
	1,459	1,870	3,329	2,789
Chapel and Choir				
Chapel and Choir	1,679	248	1,927	1,603
Buildings and grounds				
Buildings and grounds	843	793	1,636	1,289
Miscellaneous				
Adams Astronomer	184	-	184	155
Lectures	47	186	233	194
Miscellaneous	295	11,758	12,053	10,014
Practice of Law	2,899	-	2,899	2,431
Welfare	82	3,321	3,403	2,463
	3,507	15,265	18,772	15,257
School				
School	591	2,811	3,402	2,744
Other Reserves and Funds				
Fixed assets	-	214,416	214,416	214,176
Estates	-	2,055	2,055	2,881
Pension	-	3,239	3,239	1,584
Other Reserves	76	5,914	5,990	5,092
	76	225,624	225,700	223,733
Total	**53,793**	**252,266**	**306,059**	**288,229**

18. CAPITAL COMMITMENTS

	2007 £'000	2006 £'000
Capital commitments at 30 June 2007 are as follows:		
Authorised and contracted	6,665	1,471

19. FINANCIAL COMMITMENTS

At 30 June 2007 the annual commitments under non-cancellable operating leases were as follows:

	2007	2006
Consolidated	**Other £'000**	**Other £'000**
Expiry date		
- within one year	1	4
- between two and five years	47	42
	6	-
- after five years	54	46
College		
Expiry date		
- within one year	1	4
- between two and five years	38	33
	6	-
- after five years	45	37

Barclays Bank Plc has provided the College with a loan facility of £20m for a term of 30 years. At the year end none of these funds have been drawn down.

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 year was £1,140k (2006: £1,104k) as set out below:

	2007 £'000	2006 £'000
Cambridge Colleges Federated Pension Scheme	629	627
Universities Superannuation Scheme	162	169
Teachers' Pension Scheme	257	220
Church of England Funded Pensions Scheme	3	6
Defined Contribution Pension Schemes	89	82
	1,140	1,104

Cambridge Colleges Federated Pension Scheme

The College is a member of a defined benefit scheme, the Cambridge Colleges Federated Pension Scheme, in the United Kingdom. The scheme is a defined benefit final salary pension scheme that was originally set up, under an interim Trust Deed, on 19 July 1977 as a defined benefit scheme. The Scheme is deemed to be a registered pension scheme under the terms of Schedule 36 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 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, on which the amounts in the financial statements are based, was as at 31 March 2005. These FRS17 valuation results use 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 year ended 30 June 2007 was £871k, excluding PHI contributions. The difference between this and the current cost are shown in the notes below. The employer's contribution rate was 30.38% (including PHI 3.67%) of pensionable salaries.

20. PENSION SCHEME (continued)

The major assumptions used by the actuary were:

	June 2007	June 2006	June 2005
Discount rate	5.8%	5.25%	5.0%
Price inflation assumption	3.5%	3.1%	2.75%
Rates of increases in salaries	4.25%	3.85%	3.5%
Rate of increase in pensions in deferment			
- Guaranteed minimum pension (GMP)	4.25%	3.85%	3.5%
- Excess pension	3.5%	3.1%	2.75%
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	2.8%	2.3%	2.0%
- Excess Pension over GMPs and pension accrued after 5 April 1997	3.5%	3.1%	2.75%
- Pension accrued from 1 April 2004			
- for members as at 31 March 2004	3.5%	3.1%	2.75%
- for members joining on or after 1 April 2004	3.2%	2.6%	2.25%

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

- Pre-retirement: AM92 for males and AF92 for females, rated down 2 years;
- Post retirement: PMA92C20 for males and PFA92C20 for females.

Interest rates and inflation assumptions are higher than in 2006 resulting in lower Scheme liabilities. This is due to the higher gross redemption yields on Corporate AA rated bonds only being partially offset by the increased inflationary expectations.

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

	Long term rate of return expected as at 30/6/2007	Value £'000	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
Equities	7.5%	5,913	7.5%	7,119	7.5%	5,766
Cash, Bonds & Net Current Assets	5.2%	3,770	4.7%	2,169	4.7%	2,303
Property	6.5%	1,411	6.5%	302	6.5%	244
Total		**11,094**		**9,590**		**8,313**

The 2007 assets are based upon information provided by the Scheme administrators. The 2006 asset split is based on the 2005 accounts as 2006 draft accounts were not available.

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

	2007 £'000	2006 £'000	2005 £'000
Total market value of assets	11,094	9,590	8,313
Present value of scheme liabilities	(13,097)	(12,346)	(11,020)
Deficit in the scheme	(2,003)	(2,756)	(2,707)
Related deferred tax liability	-	-	-
Net Pension Liability	**(2,003)**	**(2,756)**	**(2,707)**

Analysis of the amount charged to operating profit	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Current service cost	576	576	398
Life assurance premium	53	51	62
Total operating charge	629	627	460

20. PENSION SCHEME (continued)

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Analysis of amount credited to other finance income			
Expected return on pension scheme assets	663	570	503
Interest on pension scheme liabilities	(654)	(561)	(525)
Net return	9	9	(22)
Analysis of the amount recognised in Statement of Total Recognised Gains and Losses (STRGL)			
Actual return less expected return on pension scheme assets	302	271	376
Experience gains and losses arising on scheme liabilities	(182)	(38)	(58)
Changes in assumptions underlying the present value of the scheme liabilities	382	(270)	(999)
Actuarial gain/(loss) recognised in STRGL	502	(37)	(681)
Movement in deficit during the year			
Deficit in scheme in beginning of the year	(2,756)	(2,707)	(2,024)
Movement in the year:			
Current service cost plus Life Assurance	(629)	(627)	(461)
Contributions	871	606	481
Past service costs	-	-	-
Other finance income	9	9	(22)
Actuarial gain/(loss)	502	(37)	(681)
Deficit in scheme at end of the year	(2,003)	(2,756)	(2,707)

The FRS 17 actuarial valuation at 30 June 2007 showed a deficit of £2,003k (2006: £2,756k).

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 £3.1m (2006:£2.6m).

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

	2007 £'000	2006 £'000
Deficit in the scheme at the end of the year	(2,003)	(2,756)
Included in the consolidated trust fund		
- Non scheme designated fund	3,128	2,572
Adjusted surplus/(deficit) in the scheme at the end of the year	1,125	(184)

History of experience gains and losses	Year ended 30 June 2007	Year ended 30 June 2006	Year ended 30 June 2005	Year ended 30 June 2004
Difference between expected and actual return on scheme assets:				
Amount	302	271	377	320
Percentage of scheme assets	3%	3%	5%	4%
Experience gains and losses on scheme liabilities:				
Amount	(182)	(37)	(58)	30
Percentage of scheme liabilities	-1%	0%	-1%	0%
Total amount recognised in Statement of Total Recognised Gains and Losses:				
Amount	502	(37)	(681)	(35)
Percentage of scheme liabilities	4%	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 fund administered by the trustee, Universities Superannuation Scheme Limited. The appointment of directors to the board of the trustee is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the management committee. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The institution is unable 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 valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), and the rates of increase in salary and pensions and the assumed rates of mortality. In relation to the 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 and a further amount of £800m of liabilities to reflect 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.

Standard mortality tables were used as follows:

Pre-retirement mortality	PA92 rated down 3 years
Post-retirement mortality	PA92 (c-2020) for all retired and non-retired members

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further small improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males	19.8 years
Females	22.8 years

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 therefore were 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%.

Since 31 March 2005 the financial security of the scheme has improved and the actuary has estimated that the funding level has increased from 77% at 31 March 2005 to 91% at 31 March 2007. This improvement in the scheme's financial security is due primarily to the investment return on the scheme's assets since 31 March 2005 being higher than allowed for in the funding assumptions. On the FRS17 basis, the actuary estimated that the funding level at 31 March 2007 was above 109% and on a buy-out basis was approximately 84%.

20. PENSION SCHEMES (continued)

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. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2 billion
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £1.7 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.5 billion
Rate of mortality	More prudent assumption (Mortality used at last actuarial valuation, rated down by a further year)	Increase by £0.8 billion

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee recognizes that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

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 £162k (2006: £169k). 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 was set at 13.5% of salary. On 1 January 2007 the rate rose 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 £257k (2006: £220k).

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.

20. PENSION SCHEMES (continued)

- 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.

Following a subsequent informal review of the Scheme's funding position, the College's contribution rate increased again to 39.8% of pensionable stipends with effect from 1 January 2007 as an interim measure, pending the results of the next formal valuation of the Scheme as at 31 December 2006.

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 £89k (2006: £82k).

21. CONTRIBUTION ASSESSMENT

	2007 £'000	2007 £'000	2006 £'000	2006 £'000
21a. ASSESSABLE INCOME				
i. External Revenue:				
College Estates let at Rack Rent	6,892		6,165	
College Estates let on Building Leases	332		439	
Net income from Furnished Lettings	213		259	
Other income from Real property	62		113	
Dividends and Interest Gross	1,708	9,207	1,501	8,477
Less:				
Rates	(11)		97	
Insurance of College Buildings	79		115	
Agency, Management charges	1,580		1,520	
Transfer to Estates Repairs & Improvements Fund	1,849		1,764	
Interest payments	51		120	
Sinking Fund payments under Statute G,II,4(iv)	9		762	
Other deductions from External Revenue	227	(3,784)	107	(4,485)
ii. Trust & Other Funds Subject to Contribution				
Education Reserve Fund	20		19	
Scholarship & Exhibition Account	19		18	
Summary of Trust and Other Funds	1,531		1,388	
General Reserve Fund	65		40	
Pension Fund	53		51	
Composition Fund	35		34	
Consolidated Reserve Fund	444	2,167	675	2,225
ASSESSABLE INCOME		7,590		6,217
iii. Trust & Other Funds Not Subject to Contribution				
Insurance Fund	180		170	
Building Fund Under Statute G,II,4(vii)	101		88	
Summary of Trust and Other Funds	662	943	629	887

21. CONTRIBUTION ASSESSMENT (continued)

21b. DEDUCTIBLE ITEMS

	2007 £'000	2006 £'000
Half sums paid to Scholars, Exhibitioners & Research Students	345	382
Prizes	15	18
Half maintenance of Chapel expenditure	287	266
Net expenditure on College Library	460	388
College Teaching Officers	312	251
College Research Fellows	213	254
College Building Fund under Statute G,II,4(vii)	276	228
Donations for University Purposes:		
University Counselling Service	14	16
Payment to University in support of:		
Research Fellows and holders of studentships	9	10
Other Fellows	2	3
Mathematics Faculty	60	60
Humanities	-	100
Classics	15	20
English Faculty	20	15
Philosophy and Modern & Mediaeval Languages	30	30
Other sums approved under Statute G,II,4(xxiii)		
Archives	41	40
	2,099	2,081

21c. BUILDING FUND UNDER STATUTE G,II,4(vii)

	2007 £'000	2006 £'000
Opening balance	316	309
Transfer for year approved under G,II,4(vii)	276	228
Income from Consolidated Trust Fund	101	87
Less:		
Transfers for investment	(316)	(308)
Closing balance	377	316

21d. ESTATES REPAIRS AND IMPROVEMENTS FUND

		2007 £'000		2007 £'000	2006 £'000	2006 £'000
Opening Balance				1,678		1,528
Transfer approved under G,II,4(v)						
25% of:	College Estate let at Rack Rent	6,892			6,165	
	Assumed rent of unoccupied property	503			892	
		7,395	@ 25%	1,849	7,057	1,764
Less:						
Repairs and improvements on estates				(2,930)		(1,614)
Closing balance				597		1,678

21e. INSURANCE FUND

	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Opening balance		149		398
Income from Consolidated Trust Fund		180		170
Less:				
Dry rot costs	23		22	
Transfers for investment	148	(171)	397	(419)
Closing Balance		158		149

22. RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS

	1 July 2006 £'000	Cashflow £'000	30 June 2007 £'000
Cash at bank	-	450	450
Bank overdraft	(414)	252	(162)
Cash on deposit	13,150	8,250	21,400
Cash held for reinvestment	8,494	4,430	12,924
Net funds	21,230	13,382	34,612

	2007 £'000	2006 £'000
Increase/(decrease) in cash in the year	702	(1,150)
Cash outflow from increase in liquid resources	12,680	15,069
Change in net funds resulting from cash flows	13,382	13,919
Movement in net funds in year		
Net funds at 1 July	21,230	7,311
Net funds at 30 June	34,612	21,230

23. RELATED PARTY TRANSACTIONS

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

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

24. SUBSIDIARY UNDERTAKINGS

The College's principal trading and dormant subsidiary undertakings at 30 June 2007 were:

Undertaking	Activity
St John's Enterprises Limited	The provision of conference facilities and tourism administration at St John's College, Cambridge. The Company also undertakes activities in relation to medical insurance for the College.
Aquila Investments Limited	Building construction and repair, property development, fuel supply and farming.
St John's Innovation Centre Limited	The provision of administrative and business support to tenants of St John's Innovation Centre 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