# ST JOHN’S COLLEGE CAMBRIDGE

# Annual Report and Accounts

**for the year ended 30 June 2009**

# Contents

# Overview of St John's College

Founded in 1511, St John's College (formally "The College of St John the Evangelist in the University of Cambridge") is one of the largest of the 31 colleges within the University of Cambridge, each of which is an independent, self-governing, body with its own property and income. As at 31 October 2009, the College had 143 Fellows and 921 junior members comprising 577 undergraduates and 344 graduates. As at 30 June 2009, the College itself and its subsidiaries had 359 staff (full-time equivalent). In addition, as at 31 October 2009, St John's College School, the source of choristers for the College's world renowned choir, had 94 staff (full-time equivalent) and 453 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; operating St John's College School; 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 and the Finance Committee have had a number of external members for several years. 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 2009, 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 2009, 6 of the 12 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 2009 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
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
Professor M.M.G. Lisboa
Dr U.C. Rublack
Professor B.D. Simons
Dr K.C. Plaisted Grant
Dr M. Ní Mhaonaigh
Professor D.C. McFarlane*
Professor C.D. Gray
Dr I.M. Winter
Professor N.S. Manton
Dr N.S. Arnold
Dr S. Castelvecchi
Professor A.-L. Kinmonth
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
Professor 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 D.L. Williams
Miss S. Tomaselli*
Mr C.F. Ewbank*
Dr A. Galy
Dr F.E. Salmon
Dr C.G. Warnes
Dr M.J.V.P. Worthington
Dr J.D. Billett
Dr 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
Dr J.R. Mair
Dr A.G. Kesby*
Dr T. Larsson
Dr D.G. Conlon
Dr R. D. Mullins
Professor D.A. Lomas
Dr T.P.J. Knowles
Dr G.A. Mailer
Ms E.J.L. Waring
Dr J.J.W.A. Robinson
Miss G.L. Evans
Dr M. Atatüre
Dr H.L.A. Johnston
Dr. A.B. Reddy
Dr. A.W. Truman
Mr D.C. Ellis
Mr J.K. Harmer
Mr S.J. Thompson
Professor Z. Ghahramani

# 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 LLP
City House
126 - 130 Hills Road
Cambridge
CB2 1RY

**Bankers**

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

**Investment Managers**

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

Partners Capital LLP
5th Floor
5 Young Street
London
W8 5EH

**Property Agents**

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

**Cash Managers**

Royal London Cash Management
55 Gracechurch Street
London
EC3V OUF

**Solicitors**

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

**Actuary**

Cartwright Group Ltd
Suite 7 – 2nd Floor
The Hub
IQ Farnborough
Farnborough
Hants  GU14 7JP

# 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 2009. 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.

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

## Results for the Year – Overview

The College's consolidated income and expenditure account for the years ended 30 June 2008 and 2009 are summarised below:

| | **2008/09** | **2007/08** |
|---|---|---|
| | **£** | **£** |
| Income | 29,666,000 | 29,186,000 |
| Expenditure | 30,168,000 | 27,771,000 |
| Operating (deficit)/surplus | (502,000) | 1,415,000 |
| University contribution | 646,000 | 729,000 |
| (Deficit)/surplus after University Contribution | (1,148,000) | 686,000 |
| Transfers to accumulated income within restricted expendable capital | (179,000) | (469,000) |
| Retained (deficit)/surplus for the year | (1,327,000) | 217,000 |

Income rose by £480,000 (1.6%) in 2008/09 whilst expenditure rose by £2,397,000 (8.6%). As a result, the College moved from an operating surplus of £1,415,000 in the previous year, to an operating deficit of £502,000. After the payment of University Contribution, the College made a deficit of £1,148,000 compared with a surplus of £686,000 the previous year. After the transfer of certain income to accumulated income within restricted expendable capital, the College made a deficit for the year of £1,327,000 compared with a surplus of £217,000 in the previous year.

The College incurred capital expenditure on tangible fixed assets during the year amounting to £12,578,000 (compared to a previous year figure of £11,170,000). The increased expenditure reflects the implementation of the College's major 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 drawdown
- Revenue donations
- Other income

Overall, there was a small increase in income in 2008/09, with total income being £29,666,000, up £480,000 (1.6%) from the previous year.

### Academic fees and charges

Total academic fees and charges received in the year were £2,821,000, up £244,000 (9.5%) from £2,577,000 in the previous year.

***College fees for undergraduates***

The main component of the academic fees and charges is the college fee, which amounted to £1,906,000 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 £3,612, up 4.8% over the previous year.

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 £4,250 per capita and totalled £250,000 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 £2,127 per capita and totalled £495,000 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 £5,243,000, almost level with the previous year (£5,245,000).

***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. Total accommodation income from College members was £2,894,000 in the year.

***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 £1,138,000 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 £1,211,000 in the year, down £183,000 (-13.1%) from the previous year. Conference income is significantly influenced by external factors such as overall economic conditions, geopolitical events and competing facilities.

## Endowment drawdown

The College applies a standard method of accounting for fund investment returns on permanent funds until they have a level of distributable reserves which are at least 20% of its original capital. The standard method applies the investment income in the year it arises.

For the other funds, a Total Return method is applied. For these funds a proportion of the related earnings and capital appreciation is allocated to the income and expenditure account as a drawdown in accordance with the total return concept. Under this method the Endowment drawdown is determined by a spending rule which is designed to provide stable annual spending levels and to preserve the real value of the endowment portfolio over time. The surplus or deficiency of total return, after deducting the annual Endowment drawdown, is included in the Statement of Total Recognised Gains and Losses.

The amount of the effective drawdown and applied income under the policies above was £14,081,000 in the year (see Note 3d). This compared with investment income actually received of £13,802,000. The endowment drawdown and applied income represented a rise of £527,000 (3.9%) on the previous year. Endowment drawdown and applied income represented 47.5% of total income. The College is highly dependent on the endowment income to meet its day-to-day operational expenses.

The College's endowment drawdown amount is reviewed by the College's Investments Committee each year.

### Revenue donations

Donations and benefactions of £378,000, received during the year, were recognised as income in line with the College's accounting policy on the treatment of gifts and benefactions. This is significantly higher than the 2007/08 figure of £93,000. This reflects the Telethon fundraising campaign together with increased funding of certain educational projects and awards.

### 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 £5,204,000 in the school's financial year ended 31 August 2009, up £364,000 (7.5%) on the previous year. St John's College School is run as a separate activity within the College framework. 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 £1,119,000 in the year. This is significantly lower than the income of £1,732,000 in the previous year (-35.4%). This reflects the ending of certain consultancy and grant projects and a reduction of some farming activity within the subsidiaries.

***Interest on operational cash balances***

Income on operational cash balances reduced significantly in the year due to the fall in deposit rates and decreased operational cash balances.

***Miscellaneous***

The College also received income from other sources including royalties, 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 £30,168,000 in 2008/09, up £2,397,000 (8.6%) 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 £9,740,000 which was up £1,203,000 (14.1%) 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. Expenditure on scholarships and awards totalled £1,616,000 in 2008/09, up £318,000 (24.5%) on the previous year.

***Other***

Other educational facilities and other expenses include certain facilities for students and general access and outreach projects.

## Residences, catering and conferences

Expenditure on residences, catering and conferences totalled £10,435,000 in the year, up £942,000 (9.9%) on the prior year. Of this expenditure, £7,142,000 was in respect of accommodation and £3,293,000 was in respect of catering. Expenditure on accommodation and catering for College members totalled £9,244,000, whilst expenditure attributed to the College's conference and private catering activities totalled £1,191,000 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 £4,844,000, down £73,000 (-1.5%) 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 £2,700,000, up £132,000 (5.1%) on the previous year.

Fundraising and alumni-relations costs were £825,000 in the year, up £231,000 (38.9%) 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 with the launch of a major fundraising campaign in 2008.

The College has begun to drawdown on its loan facility of £20m to fund partially its building refurbishment programme and, therefore, Interest and Bank charges are expected to rise in the future as the building programme continues.

Expenditure on the St John's Innovation Centre and other subsidiary activity was £1,193,000, down £269,000 (-18.4%) on the previous year. This reflects the ending of certain consultancy and grant projects.

## 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 2008/09 amounted to £646,000.

### 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 £13,677,000, an increase of £1,038,000 (8.2%) on the previous year. This rise reflects increased cost of living awards, pension contributions, and certain staff changes. This represents some 45.3% of the total expenditure of the College.

***Other operating expenses***

Other operating expenses of the College were £12,593,000, up £1,113,000 (9.7%) on the previous year. This reflects increased utility costs, food costs, and the increased finance costs of the Cambridge Colleges Federated Pension Scheme.

***Depreciation***

Included within educational expenditure, residences, catering and conferences expenditure and other expenditure is a total of £3,898,000 of depreciation of which £3,439,000 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 (Tangible Fixed Assets). 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 £531,686,000 at 30 June 2009, down £39,063,000 (-6.8%) on the previous year. This was mainly a result of falls in the market value of investments, but it was partially offset by increases in benefactions and donations of a capital nature. The Capital and Reserves include deferred capital grants which currently stand at £3,797,000. At 30 June 2009, unrestricted, undesignated, expendable capital reserves stood at £14,561,000.

## 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 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 and Partners Capital LLP act as investment managers for the College's securities 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 was historically limited by the fact that it could spend only accounting investment income. The College therefore took 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 2009 was £306,389,000, down £38,113,000 (-11.1%) from its value at 30 June 2008.

£167,791,000 (54.8%) 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 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 2009, the equities and fixed-income portfolio had a value of £88,847,000, representing 29.0% of the overall portfolio. 21.3% of the whole portfolio was invested in equities (predominantly in the UK, North America and continental Europe) and 7.7% in bonds.

During the year the College appointed Partners Capital LLP to assist in the diversification of the College's portfolio. As part of the diversification the College has invested £13,145,000 during the year in Other Real Assets.

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 2009, the College held unquoted securities with a valuation of £4,649,000 (representing 1.5% of the overall portfolio).

In addition, at 30 June 2009, the College held cash for reinvestment amounting to £31,957,000 (representing 10.4% of the portfolio). This formed a significant element of the portfolio at the year end. The College also uses Royal London Cash Management as a cash manager.

The College is exposed to foreign exchange risk on the investments it holds in foreign currency. The College seeks to mitigate these risks by entering into cashflow hedges, which are managed by its advisers.

**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.

## Cash flows

Cash outflow from operating activities (i.e. excluding endowment drawdown) was £9,692,000, £112,000 higher than the previous year's cash outflow of £9,580,000. Working capital decreased by £219,000.

Net cash inflow from endowment income was £13,802,000, down £1,110,000 (-7.4%) on the previous year.

This gave a positive cash flow for 2008/09 before University Contribution and capital transactions of £4,220,000, down £1,797,000 (-29.9%) from the previous year.

Capital receipts totalled £18,672,000, comprising £12,411,000 from sales of securities and investment properties in the year and £6,261,000 from donations and benefactions of a capital nature.

Total capital expenditure in the year amounted to £49,487,000, of which £36,909,000 was spent on fixed asset investments and £12,578,000 was purchase of tangible fixed assets reflecting capital expenditure on operational College buildings and other fixed assets.

The total cash outflow from capital transactions was £30,815,000. The College also drew down £3,000,000 of its bank facility to fund its building refurbishment programme.

# 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 2008/09 the College spent a total of £11,156,000 on improvements to its operational buildings. This substantial level of expenditure reflects the implementation of the College's significant building refurbishment programme. It is likely that expenditure in future years will continue at high levels even though the collegiate portion of the 'Triangle Project' and the Maufe refurbishment project are now almost completed. Other refurbishment projects such as Cripps are now being 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) and in September 2008 the College publicly launched a campaign centred around the College's 500$^{th}$ anniversary in 2011. In 2008/09, donations and benefactions to the College totalled £6,707,000.

## Financial Outlook and Challenges

Whilst St John's College 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 focusing 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

Professor Christopher Dobson
Master

Chris Ewbank
Senior Bursar

19 November 2009

# 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 2009 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 5 November 2009. 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 and 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 16.

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 2009 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) in all material respects, the contribution return (dated 29 May 2009) due from the College to the University has been correctly completed in accordance with the provisions of Statute G,II of the University of Cambridge.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Statutory Auditors
Cambridge, United Kingdom

20 November 2009

# 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.

## 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 2009. 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 because these are viewed as autonomous activities.

## Endowment return and Recognition of income

The College applies both a Total Return and standard method of accounting for fund investment returns. The standard method applies the investment income in the year it arises. The standard method is applied until a permanent fund has a level of distributable reserves which are at 20% of its original capital.

For the other funds, a Total Return policy is applied. For these funds a proportion of the related earnings and capital appreciation is allocated to the income and expenditure account as a drawdown in accordance with the total return concept. Under this method the Endowment drawdown is determined by a spending rule which is designed to provide stable annual spending levels and to preserve the real value of the endowment portfolio over time. The surplus or deficiency of total return, after deducting the annual Endowment drawdown, is included in the Statement of Total Recognised Gains and Losses and is carried forward as unapplied return.

The income from a restricted capital fund under the standard method 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 through transfers to accumulated income.

Gifts, donations and benefactions of an income nature are shown as income in the year in which they are received, provided that this can be fully expended on that purpose within two years of receipt. Otherwise the gift may be deferred in full or in part and held within liabilities pending release.

Restricted benefactions and donations that are used to fund capital projects are initially treated as deferred capital grants, and then released over the expected useful life of the related asset on a basis consistent with the depreciation policy.
Rental income is recognised on an accruals basis according to the terms of the lease.

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 retained. 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) The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. 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 as applied to the College Accounts, 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 at market value. The cost of additions to operational property shown in the balance sheet includes the cost of land.

## Heritage Assets

Works of art, books and other valuable artefacts (heritage assets) acquired since 1 July 2007 and valued at over £20k are capitalised and recognised in the balance sheet at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

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

Owing to the volume of items and valuation issues (e.g. age, origin, veracity) it has been decided that it is neither practical nor beneficial to identify and value Heritage Assets acquired before 1 July 2007.

## 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 |

### 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 fund 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.

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.

In note 3 investment income is included as and when dividends and interest become payable and interest on bank deposits is included as earned.

### Investment Properties

Investment properties are included at their market value as at 30 June 2009.

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 capital 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 to fund grants to certain Colleges from the Colleges Fund.

## Consolidated Income & Expenditure Account

| Year to 30 June | Note | **2009** **£'000** | As restated (See Note 22) **2008** **£'000** |
|---|---|---|---|
| **INCOME** | | | |
| Academic fees and charges | 1 | 2,821 | 2,577 |
| Residences, catering and conferences | 2 | 5,243 | 5,245 |
| Endowment drawdown | 3 | 14,109 | 13,629 |
| Revenue donations | | 378 | 93 |
| Other income | 4 | 7,115 | 7,642 |
| **Total Income** | | **29,666** | **29,186** |
| **EXPENDITURE** | | | |
| Education | 5 | 9,740 | 8,537 |
| Residences, catering and conferences | 6 | 10,435 | 9,493 |
| Other expenditure | 7 | 9,993 | 9,741 |
| **Total Expenditure** | | **30,168** | **27,771** |
| **Operating (deficit)/surplus** | | **(502)** | **1,415** |
| University Contribution under Statute G,II | 10 | 646 | 729 |
| **(Deficit)/surplus after University Contribution** | | **(1,148)** | **686** |
| Transfers to accumulated income within restricted expendable capital | | (179) | (469) |
| **Retained (deficit)/surplus for the year** | | **(1,327)** | **217** |

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 | | **2009** | **2008** As restated (See Note 22) |
|---|---|---|---|---|---|---|---|
| | Deferred Capital Grants £'000 | Collegiate purposes £'000 | Non-collegiate purposes £'000 | Designated funds £'000 | Undesignated funds £'000 | **Total** £'000 | **Total** £'000 |
| **Balance brought forward 1 July previously reported** | | | | | | **570,920** | **566,571** |
| Prior year adjustment (See Note 22) | | | | | | (171) | (371) |
| **Balance brought forward 1 July** | 3,350 | 47,827 | 3,570 | 230,479 | 285,523 | **570,749** | **566,200** |
| Transfers to and (from) accumulated income within restricted expendable capital | - | 187 | (8) | - | - | **179** | 469 |
| Retained (deficit)/surplus for the year | - | - | - | 207 | (1,534) | **(1,327)** | 217 |
| Benefactions and donations | 447 | 4,469 | 317 | (15) | 1,111 | **6,329** | 5,629 |
| Dilapidations (capital income) | - | - | - | - | 128 | **128** | - |
| Unapplied Total Return for the year (note 3) | - | (6,581) | (541) | (3,759) | (31,116) | **(41,997)** | 915 |
| Changes in Market Value | - | (1,391) | (48) | (95) | - | **(1,534)** | (715) |
| Experience gains and (losses) arising on the pension scheme liabilities and other pension movements | - | - | - | (841) | - | **(841)** | (1,966) |
| Account transfers | - | - | - | 564 | (564) | **-** | - |
| Total recognised gains for the year | **447** | **(3,316)** | **(280)** | **(3,939)** | **(31,975)** | **(39,063)** | **4,549** |
| **Balance carried forward 30 June** | **3,797** | **44,511** | **3,290** | **226,540** | **253,548** | **531,686** | **570,749** |

The deficit of the College (including the School) for the year was £957,000 (2008:£1,556,000 surplus) before transfers to accumulated income within restricted expendable capital.

# Consolidated Balance Sheet

| As at 30 June | Note | 2009 £'000 | As restated (See Note 22) 2008 £'000 |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Tangible assets | 11 | 230,197 | 224,033 |
| Investments | 12 | 306,389 | 344,502 |
| | | 536,586 | 568,535 |
| **CURRENT ASSETS** | | | |
| Stock | | 550 | 590 |
| Debtors | | | |
| - due within one year | 13 | 2,052 | 1,820 |
| - due after one year | 13 | 294 | 705 |
| Current investments | 14 | 8,944 | 13,323 |
| Cash at bank | | 1,114 | 93 |
| | | 12,954 | 16,531 |
| Creditors: amounts falling due within one year | 15 | (6,746) | (6,883) |
| **Net current assets** | | 6,208 | 9,648 |
| **Total Assets less current liabilities** | | 542,794 | 578,183 |
| Creditors: amounts falling due after more than one year | 16 | (6,488) | (3,673) |
| Pension liability | 20 | (4,620) | (3,761) |
| **NET ASSETS** | | **531,686** | **570,749** |

| **Capital and reserves** | | **Income/ expendable Capital funds** | **Permanent Capital funds** | **Total 2009 £'000** | **Total 2008 £'000** |
|---|---|---|---|---|---|
| Deferred capital grants | 17 | 3,797 | - | 3,797 | 3,350 |
| Restricted funds held for collegiate purposes* | 17 | 14,651 | 29,860 | 44,511 | 47,827 |
| Restricted funds held for non-collegiate purposes* | 17 | 883 | 2,407 | 3,290 | 3,570 |
| Unrestricted funds | 17 | 176,101 | 303,987 | 480,088 | 516,002 |
| **TOTAL** | | | | **531,686** | **570,749** |

These accounts were approved by the College Council and authorised for issue on 19 November 2009 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 | 2009 £'000 | As restated (See Note 22) 2008 £'000 |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Tangible assets | 11 | 230,489 | 224,146 |
| Investments | 12 | 328,916 | 367,524 |
| | | 559,405 | 591,670 |
| **CURRENT ASSETS** | | | |
| Stock | | 462 | 466 |
| Debtors | | | |
| - due within one year | 13 | 6,889 | 8,207 |
| - due after one year | 13 | 294 | 305 |
| Current investments | 14 | 8,944 | 12,553 |
| Cash | | 771 | - |
| | | 17,360 | 21,531 |
| Creditors: amounts falling due within one year | 15 | (41,383) | (42,096) |
| **Net current liabilities** | | (24,023) | (20,565) |
| **Total Assets less current liabilities** | | 535,382 | 571,105 |
| Creditors: amounts falling due after more than one year | 16 | (6,488) | (3,673) |
| Pension liability | 20 | (4,620) | (3,761) |
| **NET ASSETS** | | **524,274** | **563,671** |

| **Capital and reserves** | Note | Income/ expendable Capital funds | Permanent Capital funds | Total 2009 £'000 | Total 2008 £'000 |
|---|---|---|---|---|---|
| Deferred capital grants | 17 | 3,797 | - | 3,797 | 3,350 |
| Restricted funds held for collegiate purposes* | 17 | 14,651 | 29,860 | 44,511 | 47,827 |
| Restricted funds held for non-collegiate purposes* | 17 | 883 | 2,407 | 3,290 | 3,570 |
| Unrestricted funds | 17 | 168,689 | 303,987 | 472,676 | 508,924 |
| **TOTAL** | | | | **524,274** | **563,671** |

These accounts were approved by the College Council and authorised for issue on 19 November 2009 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 | 2009 £'000 | As restated (See Note 22) 2008 £'000 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Operating (deficit)/ surplus | | (502) | 1,415 |
| Depreciation | 9 | 3,898 | 3,652 |
| Pension scheme movements | | 18 | (208) |
| Endowment drawdown | | (14,109) | (13,629) |
| Interest received | | (386) | (758) |
| Interest paid | | 276 | 73 |
| Decrease in stock | | 40 | 36 |
| Decrease in debtors | | 179 | 89 |
| Increase/(decrease) in creditors | | 894 | (250) |
| **Net cash outflow from operating activities** | | **(9,692)** | **(9,580)** |
| **RETURNS ON INVESTMENTS AND SERVICING OF FINANCE** | | | |
| Endowment and investment income received | | 13,802 | 14,912 |
| Interest received | | 386 | 758 |
| Interest paid | | (276) | (73) |
| **Net cash inflow from returns on investments and servicing of finance** | | **13,912** | **15,597** |
| **CONTRIBUTION TO COLLEGES FUND** | | **(729)** | **(611)** |
| **CAPITAL EXPENDITURE & FINANCIAL INVESTMENT** | | | |
| Receipts from sale of investment assets | | 12,282 | 48,423 |
| Receipts from sale of tangible fixed assets | | 1 | - |
| Dilapidations income | | 128 | - |
| Donations and benefactions | | 6,261 | 5,429 |
| Total capital receipts | | 18,672 | 53,852 |
| Purchase of tangible fixed assets | | (12,578) | (11,170) |
| Purchase of fixed asset investments | | (36,909) | (19,361) |
| Total capital expenditure | | (49,487) | (30,531) |
| **Net cash (outflow)/inflow from capital transactions** | | **(30,815)** | **23,321** |
| **MANAGEMENT OF LIQUID RESOURCES** | | | |
| Increase/(decrease) in short term deposits | | 25,901 | (32,478) |
| **Net cash outflow from management of liquid resources** | | **25,901** | **(32,478)** |
| **FINANCING** | | | |
| Long term loans received | | 3,000 | 3,000 |
| **Net cash inflow from financing** | | **3,000** | **3,000** |
| **INCREASE/(DECREASE) IN CASH** | **21** | **1,577** | **(751)** |

## Notes to the Accounts

### 1. ACADEMIC FEES AND CHARGES

| COLLEGE FEES | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Fee income paid on behalf of undergraduates eligible for student support (per capita fee £3,612) | 1,906 | 1,783 |
| Other undergraduate fee income (per capita fee £4,250) | 250 | 235 |
| Graduate fee income (per capita fee £2,127) | 495 | 464 |
| | 2,651 | 2,482 |
| Other Educational income | 170 | 95 |
| Total | **2,821** | **2,577** |

### 2. RESIDENCES, CATERING AND CONFERENCES INCOME

| | | 2009 £'000 | 2008 £'000 |
|---|---|---|---|
| Accommodation | College members | 2,894 | 2,889 |
| | Conferences | 334 | 391 |
| Catering | College members | 1,138 | 962 |
| | Conferences | 877 | 1,003 |
| Total | | **5,243** | **5,245** |

### 3. ENDOWMENT INCOME & DRAWDOWN

| | Note | 2009 Income from restricted funds for collegiate purposes* £'000 | 2009 Income from restricted funds for non-collegiate purposes* £'000 | 2009 Income from unrestricted funds £'000 | 2009 Total £'000 | 2008 Total As restated £'000 |
|---|---|---|---|---|---|---|
| **3a Endowment Income** | | | | | | |
| Income from: | | | | | | |
| Freehold land and buildings | | 39 | - | 8,208 | 8,247 | 8,600 |
| Quoted securities – equities | | 1,526 | 121 | 1,110 | 2,757 | 3,386 |
| Fixed interest securities | | - | - | 705 | 705 | 1,683 |
| Cash | | 73 | - | 2,020 | 2,093 | 1,243 |
| Total Endowment income | 3 b,c | **1,638** | **121** | **12,043** | **13,802** | **14,912** |

* as defined by University Statute G,II

| **3b Funds accounted for on a Total Return Basis** | Note | 2009 Income from funds | As restated 2008 Income from funds |
|---|---|---|---|
| Endowment Income (allocated from above 3a) | | 13,452 | 14,629 |
| Apportioned Losses on Endowment assets | | **(41,690)** | (368) |
| Total Return | | (28,238) | 14,261 |
| Unapplied Total Return for the year included in the Statement of Recognised Gains & Losses | 17 | 41,997 | (915) |
| Endowment drawdown included in Income & Expenditure (3d) | | **13,759** | **13,346** |

| **3c Funds accounted for under a Standard Income Basis** | 2009 Income from Funds | 2008 Income from funds |
|---|---|---|
| Other Endowment Income (allocated from above 3a) | 350 | 283 |

**3. ENDOWMENT INCOME & DRAWDOWN (continued)**

| **3d Endowment income & drawdown included in the Income and Expenditure Account** | **2009 Total £'000** | As restated **2008 Total £'000** |
|---|---|---|
| Endowment drawdown included in Income & Expenditure (3b) | 13,759 | 13,346 |
| Other Endowment income included in Income & Expenditure (3c) | 350 | 283 |
| Total Endowment drawdown and other Endowment income included in Income & Expenditure | **14,109** | **13,629** |
| Permanent Fund Income not applied | (28) | (75) |
| Total Endowment drawdown and other Endowment Income adjusted for Permanent Fund Income not applied | 14,081 | 13,554 |

In order to preserve inter-generational equity and to achieve a prudent level of return some Permanent Fund Income (on a Standard Income Basis) has not been applied in the year. This income is included within Transfers to accumulated income within restricted expendable capital.

For the Endowment invested on a Total Return basis, the total actual income and gains/losses in the year are taken to a reserve from which the planned Endowment drawdown is released to the Income and Expenditure Account. The remaining balance of the Total Return, after deducting the drawdown, is accumulated within the reserves as set out in Note 17.

| **Investment management costs** | **2009 £'000** | **2008 £'000** |
|---|---|---|
| Investment portfolio | 189 | 244 |

Investment management costs associated with the management of the College's Consolidated Trust Fund share portfolio are taken directly from investment sales and purchase transactions. These have not, therefore, been included in the income and expenditure statement.
The fees for the management of properties are included within Agency and Management costs and relate exclusively to property management costs rather than to specific professional advice. These are considered in setting the spending rule.

## 4. OTHER INCOME

| | **2009 £'000** | **2008 £'000** |
|---|---|---|
| School | 5,204 | 4,840 |
| Tourism & merchandise | 108 | 110 |
| Contributions to the running of sports facilities and clubs | 63 | 66 |
| Grant income | 24 | 55 |
| Interest on operational cash balances | 386 | 758 |
| Royalties | 5 | 5 |
| Miscellaneous | 206 | 76 |
| St John's Innovation Centre and other subsidiary activity not included above | 1,119 | 1,732 |
| Total | **7,115** | **7,642** |

## 5. EDUCATION EXPENDITURE

| | **2009 £'000** | **2008 £'000** |
|---|---|---|
| Teaching | 4,310 | 3,941 |
| Tutorial | 1,396 | 1,210 |
| Admissions | 367 | 309 |
| Research | 1,513 | 1,225 |
| Scholarships and Awards | 1,616 | 1,298 |
| Other educational facilities | 479 | 464 |
| Other expenses | 59 | 90 |
| Total | **9,740** | **8,537** |

## 6. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

| | | 2009 £'000 | 2008 £'000 |
|---|---|---|---|
| Accommodation | College members | 6,821 | 6,610 |
| | Conferences | 321 | 337 |
| Catering | College members | 2,423 | 1,576 |
| | Conferences | 870 | 970 |
| Total | | **10,435** | **9,493** |

## 7. OTHER EXPENDITURE

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| School | 4,844 | 4,917 |
| Agency & management | 2,587 | 2,495 |
| Estates repairs | 113 | 73 |
| Fundraising and alumni relations | 825 | 594 |
| Interest and bank charges | 276 | 73 |
| Miscellaneous expenditure (including charitable gifts) | 155 | 127 |
| St John's Innovation Centre and other subsidiary activity not included above | 1,193 | 1,462 |
| Total | **9,993** | **9,741** |

## 8. STAFF COSTS

| | College Fellows 2009 £'000 | Other Academics 2009 £'000 | Non-Academics 2009 £'000 | Total 2009 £'000 | Total 2008 £'000 |
|---|---|---|---|---|---|
| **Staff Costs** | | | | | |
| Emoluments | 1,783 | 155 | 9,418 | 11,356 | 10,615 |
| Social security costs | 138 | 12 | 734 | 884 | 820 |
| Other pension costs (see note 20) | 190 | 5 | 1,242 | 1,437 | 1,204 |
| Total | **2,111** | **172** | **11,394** | **13,677** | **12,639** |

| **Staff Numbers** | College Fellows 2009 | Other Academics 2009 | Non-Academics 2009 | Total 2009 | Total 2008 |
|---|---|---|---|---|---|
| Stipendary fellows | 86 | - | - | 86 | 86 |
| Average staff numbers (full-time equivalents) | - | 14 | 367 | 381 | 383 |
| Total | **86** | **14** | **367** | **467** | **469** |

| | 2009 | 2008 |
|---|---|---|
| The Governing Body of the College, comprising all Fellows, at 30 June was | 138 | 134 |

Average staff numbers (full-time equivalents) includes 94 School staff and 16 staff employed by the St John's Innovation Centre.

There were no officers or employees of the College, including Head of House, and School but excluding its subsidiaries, who received emoluments (excluding employer pension contributions) in excess of £100,000.

## 9. ANALYSIS OF EXPENDITURE BY ACTIVITY

| a. Year ended 30 June 2009 | Staff costs (Note 8) | Other operating expenses | Depreciation | **Total** |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | **£'000** |
| Education (Note 5) | 4,306 | 4,378 | 1,056 | **9,740** |
| Residences, catering and conferences (Note 6) | 4,717 | 2,950 | 2,768 | **10,435** |
| Other (Note 7) | 4,654 | 5,265 | 74 | **9,993** |
| Total | 13,677 | 12,593 | 3,898 | **30,168** |

| b. Year ended 30 June 2008 | Staff costs (Note 8) | Other operating expenses | Depreciation | **Total** |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | **£'000** |
| Education (Note 5) | 3,672 | 3,876 | 989 | **8,537** |
| Residences, catering and conferences (Note 6) | 4,299 | 2,600 | 2,594 | **9,493** |
| Other (Note 7) | 4,668 | 5,004 | 69 | **9,741** |
| Total | 12,639 | 11,480 | 3,652 | **27,771** |

## 10. UNIVERSITY CONTRIBUTION

| | **2009** | **2008** |
|---|---|---|
| | **£'000** | **£'000** |
| University contribution | 646 | 729 |

The sum for the current period is an estimate provided by the University of Cambridge based on the new rules that came in force for the period ended 30 June 2009. The sum for 2008 was calculated under the old rules. The calculation for this is contained in the 2007-08 Accounts.

## 11. TANGIBLE FIXED ASSETS

| **CONSOLIDATED** | **2009** Freehold land and buildings | **2009** Assets under construction | **2009** Furniture and equipment | **2009** Computer equipment | **2009** Heritage Assets | **2009 Total** | As restated (See Note 22) **2008 Total** |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | **£'000** | **£'000** |
| **COST/VALUATION** | | | | | | | |
| At beginning of year | 231,306 | 7,531 | 1,552 | 537 | 200 | 241,126 | 227,881 |
| Additions at cost | 6,910 | 4,088 | 663 | 340 | 68 | 12,069 | 11,947 |
| Disposals at cost | - | - | (20) | - | - | (20) | - |
| Transfers from and (to) investment property | (820) | (1,247) | - | - | - | (2,067) | 1,298 |
| Cost/valuation as at 30 June 2009 | 237,396 | 10,372 | 2,195 | 877 | 268 | 251,108 | 241,126 |
| **DEPRECIATION** | | | | | | | |
| At beginning of year | 16,085 | - | 716 | 292 | - | 17,093 | 13,458 |
| Charge for the year | 3,439 | - | 308 | 151 | - | 3,898 | 3,652 |
| Eliminated on disposals | - | - | (19) | - | - | (19) | - |
| Eliminated on transfer | (61) | - | - | - | - | (61) | (17) |
| At end of year | 19,463 | - | 1,005 | 443 | - | 20,911 | 17,093 |
| **Net Book value** | | | | | | | |
| At end of year | 217,933 | 10,372 | 1,190 | 434 | 268 | 230,197 | 224,033 |
| At beginning of year | 215,221 | 7,531 | 836 | 245 | 200 | 224,033 | 214,423 |

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 Heritage assets comprise books gifted to the College.
The insured value of freehold buildings as at 30 June 2009 was £249,700,000 (2008 - £250,140,000).

## 11. TANGIBLE FIXED ASSETS (continued)

| COLLEGE | 2009 Freehold land and buildings £'000 | 2009 Assets under construction £'000 | 2009 Furniture and equipment £'000 | 2009 Computer equipment £'000 | 2009 Heritage Assets £'000 | 2009 Total £'000 | As restated (See Note 22) 2008 Total £'000 |
|---|---|---|---|---|---|---|---|
| **COST/VALUATION** | | | | | | | |
| At beginning of year | 231,329 | 7,732 | 1,230 | 537 | 200 | 241,028 | 227,763 |
| Additions at cost | 6,910 | 4,246 | 658 | 340 | 68 | 12,222 | 11,967 |
| Transfers to/(from) investment property | (820) | (1,247) | - | - | - | (2,067) | 1,298 |
| At end of year | 237,419 | 10,731 | 1,888 | 877 | 268 | 251,183 | 241,028 |
| **DEPRECIATION** | | | | | | | |
| At beginning of year | 16,088 | - | 502 | 292 | - | 16,882 | 13,274 |
| Charge for the year | 3,439 | - | 283 | 151 | - | 3,873 | 3,625 |
| Eliminated on transfer | (61) | - | - | - | - | (61) | (17) |
| At end of year | 19,466 | - | 785 | 443 | - | 20,694 | 16,882 |
| **Net Book value** | | | | | | | |
| At end of year | 217,953 | 10,731 | 1,103 | 434 | 268 | 230,489 | 224,146 |
| At beginning of year | 215,241 | 7,732 | 728 | 245 | 200 | 224,146 | 214,489 |

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 Heritage assets comprise books gifted to the College.
The insured value of freehold buildings as at 30 June 2009 was £249,700,000 (2008 - £250,140,000).

## 12. INVESTMENTS

| | Consolidated 2009 £'000 | College 2009 £'000 | Consolidated 2008 £'000 | College 2008 £'000 |
|---|---|---|---|---|
| At beginning of year | 344,502 | 367,524 | 346,900 | 373,507 |
| Additions | 36,909 | 36,909 | 19,361 | 19,361 |
| Disposals | (12,282) | (12,255) | (48,423) | (47,464) |
| Transfer of investment properties (to) and from fixed assets | 2,006 | 2,006 | (1,315) | (1,315) |
| Depreciation on disposal or revaluation | (43,224) | (43,746) | (1,083) | (5,627) |
| Increase in cash balances held at fund managers | (21,522) | (21,522) | 29,062 | 29,062 |
| At end of year | **306,389** | **328,916** | **344,502** | **367,524** |
| Represented by: | | | | |
| Freehold land and buildings | 167,791 | 159,156 | 189,393 | 181,253 |
| Quoted securities – equities | 65,214 | 65,214 | 87,862 | 87,862 |
| Fixed interest securities | 23,633 | 23,633 | 8,341 | 8,341 |
| Other Real Assets | 13,145 | 13,145 | - | - |
| Other securities | 4,649 | 35,811 | 5,427 | 36,589 |
| Cash held for reinvestment | 31,957 | 31,957 | 53,479 | 53,479 |
| | **306,389** | **328,916** | **344,502** | **367,524** |

At the year end there were two forward exchange contracts outstanding. These partially hedge the exchange movement on investments held in foreign currencies. The contracts mature on 24 September 2009. At the year end there was a 21.6m USD contract with a fair value of (£100,000) and a 665k Euro contract with a fair value of (£2,000).

## 13. DEBTORS

| | Consolidated 2009 £'000 | College 2009 £'000 | Consolidated 2008 £'000 | College 2008 £'000 |
|---|---|---|---|---|
| Amounts falling due within one year | | | | |
| Loans | 421 | 19 | 27 | 23 |
| Amounts owed by group undertakings | - | 5,626 | - | 7,080 |
| Net trade debtors | 823 | 694 | 645 | 469 |
| Other Taxes | 63 | 34 | 138 | 18 |
| Other debtors | 143 | - | 184 | - |
| Prepayment | 297 | 284 | 344 | 344 |
| Accrued income | 305 | 232 | 482 | 273 |
| | 2,052 | 6,889 | 1,820 | 8,207 |
| Amounts falling due after one year: | | | | |
| Loans | 204 | 204 | 615 | 215 |
| Accrued income | 90 | 90 | 90 | 90 |
| | 294 | 294 | 705 | 305 |

Trade debtors are shown net of student prepayments £995,000 (2008 - £972,000).

## 14. CURRENT ASSET INVESTMENTS

| | Consolidated 2009 £'000 | College 2009 £'000 | Consolidated 2008 £'000 | College 2008 £'000 |
|---|---|---|---|---|
| Cash on deposit | 8,944 | 8,944 | 13,323 | 12,553 |

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

| | Consolidated 2009 £'000 | College 2009 £'000 | As Restated (See Note 22) Consolidated 2008 £'000 | As restated (See Note 22) College 2008 £'000 |
|---|---|---|---|---|
| Bank overdrafts | - | - | 556 | 556 |
| Trade creditors | 1,926 | 1,624 | 1,579 | 1,096 |
| Amounts owed to group undertakings | - | 35,349 | - | 36,031 |
| Accruals | 1,514 | 1,178 | 1,434 | 1,177 |
| Deferred income | 1,169 | 1,169 | 1,226 | 1,226 |
| Sundry creditors | 1,562 | 1,562 | 1,446 | 1,446 |
| Other Taxes and Social Security | 575 | 501 | 642 | 564 |
| | **6,746** | **41,383** | **6,883** | **42,096** |

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

| | Consolidated 2009 £'000 | College 2009 £'000 | As Restated (See Note 22) Consolidated 2008 £'000 | As Restated (See Note 22) College 2008 £'000 |
|---|---|---|---|---|
| Deferred income | 375 | 375 | 640 | 640 |
| Loans | 6,000 | 6,000 | 3,000 | 3,000 |
| Sundry creditors | 113 | 113 | 33 | 33 |
| | **6,488** | **6,488** | **3,673** | **3,673** |

The loan is unsecured and repayable after 2015. The interest rate is floating within a cap and a floor until June 2011 and is thereafter fixed at 5.16% until 2036.

## 17. CAPITAL AND RESERVES

**Consolidated reserves**

| | 2009 Income/ expendable capital funds £'000 | 2009 Permanent capital funds £'000 | 2009 Consolidated Total £'000 | As restated (See Note 22) 2008 Consolidated Total £'000 |
|---|---|---|---|---|
| **Deferred Capital Grants** | 3,797 | - | **3,797** | 3,350 |
| **Restricted funds:** | | | | |
| Funds for collegiate purposes* | | | | |
| Trust funds | 14,651 | 29,860 | **44,511** | 47,827 |
| Funds for non collegiate purposes* | | | | |
| Trust funds | 883 | 2,407 | **3,290** | 3,570 |
| **Unrestricted funds:** | | | | |
| Designated reserves | | | | |
| Donations and benefactions | 10,588 | 1,308 | **11,896** | 14,332 |
| Other reserves | 151,074 | 63,570 | **214,644** | 216,147 |
| Total designated reserves | **161,662** | **64,878** | **226,540** | **230,479** |
| Undesignated reserves | | | | |
| Donations and benefactions | 7,711 | 1,818 | **9,529** | 10,201 |
| Other reserves | 6,728 | 237,291 | **244,019** | 275,322 |
| **Total unrestricted capital** | **176,101** | **303,987** | **480,088** | **516,002** |
| **Total capital and reserves** | **195,432** | **336,254** | **531,686** | **570,749** |

| **College reserves** | 2009 Income/ expendable capital funds £'000 | 2009 Permanent capital funds £'000 | 2009 College Total £'000 | 2008 As restated (See Note 22) College Total £'000 |
|---|---|---|---|---|
| **Deferred Capital Grants** | 3,797 | - | **3,797** | 3,350 |
| **Restricted funds** | | | | |
| Funds for collegiate purposes* | | | | |
| Trust funds | 14,651 | 29,860 | **44,511** | 47,827 |
| Funds for non collegiate purposes* | | | | |
| Trust funds | 883 | 2,407 | **3,290** | 3,570 |
| **Unrestricted funds:** | | | | |
| Designated reserves | | | | |
| Donations and benefactions | 10,588 | 1,308 | **11,896** | 14,332 |
| Other reserves | 151,074 | 63,570 | **214,644** | 216,147 |
| Total designated reserves | **161,662** | **64,878** | **226,540** | **230,479** |
| Undesignated reserves | | | | |
| Donations and benefactions | 7,711 | 1,818 | **9,529** | 10,201 |
| Other reserves | (684) | 237,291 | **236,607** | 268,244 |
| **Total unrestricted capital** | **168,689** | **303,987** | **472,676** | **508,924** |
| **Total capital and reserves** | **188,020** | **336,254** | **524,274** | **563,671** |

* as defined by University Statute G,II

**17. CAPITAL AND RESERVES (continued)**
**Reconciliation of movements in capital and reserves (excluding Deferred capital grants):**

| | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 College Total | 2009 Group Funds | 2009 Consolidated Total | As restated (See Note 22) 2008 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 | 15,050 | 32,777 | 678 | 2,892 | 165,331 | 65,148 | 11,440 | 267,005 | 560,321 | 7,078 | 567,399 | 566,571 |
| Increases in the year | 1,853 | 2,219 | 327 | - | 6,454 | - | (334) | 887 | 11,406 | 334 | 11,740 | 23,165 |
| Decreases in the Year | (2,252) | (5,136) | (122) | (485) | (10,123) | (270) | (4,079) | (28,783) | (51,250) | - | (51,250) | (22,337) |
| Balance c/f 30 June | 14,651 | 29,860 | 883 | 2,407 | 161,662 | 64,878 | 7,027 | 239,109 | 520,477 | 7,412 | 527,889 | 567,399 |

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

| | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 | 2008 College Total | 2009 Group Funds | 2009 Consolidated Total | 2008 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 | 268 | - | - | - | 166,856 | 63,365 | - | - | 230,489 | (292) | 230,197 | 224,033 |
| Investments | 12,379 | 28,347 | 861 | 2,384 | 17,105 | 1,300 | 32,412 | 234,128 | 328,916 | (22,527) | 306,389 | 344,502 |
| Net current assets/(liabilities) | 2,004 | 1,513 | 22 | 23 | (17,679) | 213 | (25,385) | 4,981 | (34,308) | 30,231 | (4,077) | 2,625 |
| Pension scheme deficit | - | - | - | - | (4,620) | - | - | - | (4,620) | - | (4,620) | (3,761) |
| | 14,651 | 29,860 | 883 | 2,407 | 161,662 | 64,878 | 7,027 | 239,109 | 520,477 | 7,412 | 527,889 | 567,399 |

## 17. CAPITAL AND RESERVES (continued)

**Analysis of restricted and designated funds**

| Primary purposes of restricted and designated funds | 2009 Restricted Funds £'000 | 2009 Unrestricted Funds £'000 | Total 2009 £'000 | As restated (See Note 22) Total 2008 £'000 |
|---|---|---|---|---|
| Student Support | 36,554 | 4,166 | 40,720 | 44,396 |
| Teaching and Research | 3,599 | 611 | 4,210 | 4,298 |
| Chapel & Choir | 1,549 | 332 | 1,881 | 2,143 |
| Buildings | 553 | 6,336 | 6,889 | 8,257 |
| Miscellaneous | 4,300 | 449 | 4,749 | 5,744 |
| School | 828 | - | 828 | 585 |
| Other Reserves | 418 | 214,646 | 215,064 | 216,453 |
| **Total** | **47,801** | **226,540** | **274,341** | **281,876** |

**Memorandum of Unapplied Total Return**

Within reserves the following amounts represent the estimated cumulative surpluses of total return on Endowment assets (after deducting the annual drawdown).

| | Total 2009 £'000 | Total 2008 £'000 |
|---|---|---|
| Unapplied Total Return at beginning of year | 135,659 | 134,744 |
| Unapplied Total Return for the year (Note 3) | (41,997) | 915 |
| Unapplied Total Return at end of year | **93,662** | **135,659** |

## 18. CAPITAL COMMITMENTS

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Capital commitments at 30 June 2009 are as follows: | | |
| Authorised and contracted | 3,232 | 4,610 |

## 19. FINANCIAL COMMITMENTS

At 30 June 2009 the annual commitments under non-cancellable operating leases were as follows:

| **Consolidated** | 2009 Other £'000 | 2008 Other £'000 |
|---|---|---|
| Expiry date | | |
| - within one year | 7 | 29 |
| - between two and five years | 44 | 22 |
| - after five years | - | 1 |
| | 51 | 52 |

| **College** | | |
|---|---|---|
| Expiry date | | |
| - within one year | 7 | 29 |
| - between two and five years | 37 | 15 |
| - after five years | - | 1 |
| | 44 | 45 |

Barclays Bank Plc has provided the College with a loan facility of £20m for a term of 30 years. At the year end £6m of these funds have been drawn down (2008:£3m).

## 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 £1,437k (2008: £1,203k) as set out below:

| | 2009<br>£'000 | 2008<br>£'000 |
|---|---|---|
| Cambridge Colleges Federated Pension Scheme | 854 | 652 |
| Universities Superannuation Scheme | 219 | 182 |
| Teachers' Pension Scheme | 271 | 267 |
| Church of England Funded Pensions Scheme | 6 | 10 |
| Defined Contribution Pension Schemes | 87 | 92 |
| | 1,437 | 1,203 |

**Cambridge Colleges Federated Pension Scheme**

The College is a member of a multi-employer defined benefits scheme, the Cambridge Colleges' Federated Pension Scheme. The Scheme is a defined benefit final salary pension scheme that was originally set up, under the 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 principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

| | 2009<br>% p.a. | 2008<br>% p.a. |
|---|---|---|
| Discount rate | 6.2 | 6.7 |
| Expected long-term rate of return on Scheme assets | 6.1 | 6.6 |
| Salary inflation assumption | 4.5 | 5.4 |
| Inflation assumption | 3.5 | 3.9 |
| Pension increases (inflation linked) | 3.5 | 3.9 |

The underlying mortality assumption is based upon the standard table known as PA92 on a year of birth usage with medium cohort future improvement factors with the base table adjusted by a 20% uplift to reflect higher Scheme mortality rates than the standard tables. (2008: PA92 on a year of birth usage with medium cohort improvement factors).

**Employee Benefit Obligations**

The amounts recognised in the balance sheet as at 30 June 2009 to the nearest £'000 (with comparative figures as at 30 June 2008) are as follows:

| | 2009<br>£'000 | 2008<br>£'000 |
|---|---|---|
| Present value of Scheme liabilities | (15,837) | (14,944) |
| Market value of Scheme assets | 11,217 | 11,183 |
| **Deficit in the Scheme** | **(4,620)** | **(3,761)** |

The amounts to be recognised in profit and loss for the year ending 30 June 2009 (with comparative figures for the year ending 30 June 2008) are as follows:

| | 2009<br>£'000 | 2008<br>£'000 |
|---|---|---|
| Current service cost | 854 | 652 |
| Interest on Scheme liabilities | 1,018 | 770 |
| Expected return on Scheme assets | (755) | (743) |
| Total | **1,117** | **679** |
| | | |
| Actual return on Scheme assets | (856) | (582) |

**20. PENSION SCHEMES (continued)**

Changes in the present value of the Scheme liabilities for the year ending 30 June 2009 (with comparative figures for the year ending 30 June 2008) are as follows:

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Present value of Scheme liabilities at beginning of period | 14,944 | 13,097 |
| Service cost including Employee contributions | 1,099 | 862 |
| Interest cost | 1,018 | 770 |
| Actuarial (gains)/losses | (771) | 641 |
| Benefits paid | (453) | (426) |
| Present value of Scheme liabilities at end of period | **15,837** | **14,944** |

Changes in the fair value of the Scheme assets for the year ending 30 June 2009 (with comparative figures for the year ending 30 June 2008) are as follows:

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Market value of Scheme assets at beginning of period | 11,183 | 11,094 |
| Expected return | 755 | 743 |
| Actuarial losses | (1,612) | (1,325) |
| Contributions paid by the College | 1,099 | 887 |
| Employee contributions | 245 | 210 |
| Benefits paid | (453) | (426) |
| **Market value of Scheme assets at end of period** | **11,217** | **11,183** |

The agreed contributions to be paid by the College for the forthcoming year are 19.44% of Contribution. Pay plus £420,068 p.a. from 1 July 2009, subject to review at future actuarial valuations. This rate excludes PHI.

The major categories of Scheme assets as a percentage of total Scheme assets for the year ending 30 June 2009 (with comparative figures for the year ending 30 June 2008) are as follows:

| | 2009 | 2008 |
|---|---|---|
| Equities & Hedge Funds | 48% | 52% |
| Bonds & Cash | 43% | 37% |
| Property | 9% | 11% |
| **Total** | **100%** | **100%** |

The expected long-term rate of return on the Scheme assets has been calculated based upon the major asset categories shown in the above table and an expected rate of return on equities and hedge funds of 7.1% (2008: 7.5%), property 6.1% (2008: 6.5%) and an expected rate of return on bonds & cash of 5.0% (2008: 5.4%).

Analysis of amount recognizable in statement of total recognized gains and losses (STRGL) for the year ending 30 June 2009 (with comparative figures for the year ending 30 June 2008) are as follows:

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Actual return less expected return on Scheme assets | (1,612) | (1,325) |
| Experience gains and losses arising on Scheme liabilities | (238) | (352) |
| Changes in assumptions underlying the present value of Scheme liabilities | 1,009 | (289) |
| **Actuarial loss recognised in STRGL** | **(841)** | **(1,966)** |

Cumulative amount of actuarial gains and losses recognized in STRGL for the year ending 30 June 2009 (with comparative figures for the year ending 30 June 2008) are as follows:

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Cumulative actuarial loss at beginning of period | (2,206) | (240) |
| Recognised during the period | (841) | (1,966) |
| **Cumulative actuarial loss at end of period** | **(3,047)** | **(2,206)** |

**20. PENSION SCHEMES (continued)**

Movement in deficit during the year ending 30 June 2009 (with comparative figures for the year ending 30 June 2008) are as follows:

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Deficit in Scheme at beginning of year | (3,761) | (2,003) |
| Service Cost (Employer Only) | (854) | (652) |
| Contributions paid by the College | 1,099 | 887 |
| Finance Cost | (263) | (27) |
| Actuarial loss | (841) | (1,966) |
| **Deficit in Scheme at the end of the year** | **(4,620)** | **(3,761)** |

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

| | 2009 £'000 | 2008 £'000 | 2007 £'000 | 2006 £'000 | 2005 £'000 |
|---|---|---|---|---|---|
| Present value of Scheme liabilities | (15,837) | (14,944) | (13,097) | (12,346) | (11,020) |
| Market value of Scheme assets | 11,217 | 11,183 | 11,094 | 9,591 | 8,314 |
| **Deficit in the Scheme** | **(4,620)** | **(3,761)** | **(2,003)** | **(2,755)** | **(2,706)** |
| Actual return less expected return on Scheme assets | (1,612) | (1,325) | 302 | 271 | 377 |
| Experience gain/(loss) arising on Scheme liabilities | (238) | (352) | (182) | (38) | (58) |
| Change in assumptions underlying present value of Scheme liabilities | 1,009 | (289) | 381 | (270) | (999) |

**Universities Superannuation Scheme**

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. USS has over 130,000 active members and the College has 75 active members participating in the scheme.

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 which 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.

Because of the mutual nature of the scheme, 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.

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

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), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

**20. PENSION SCHEMES (continued)**

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

Standard mortality tables were used as follows:

| | |
|---|---|
| Male members' mortality | PA92 MC YoB tables – rated down 1 year |
| Female members' mortality | PA92 MC YoB tables – No age rating |

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

| | |
|---|---|
| Males (females) currently aged 65 | 22.8 (24.8) years |
| Males (females) currently aged 45 | 24.0 (25.9) years |

At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% 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. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 107% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% 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, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, on account of the variability mentioned above.

The institution contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS17 basis, using a AA bond discount rate of 7.1% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2009 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 46%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

**20. PENSION SCHEMES (continued)**

| 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 £1.5 billion |
| Rate of salary growth | Increase/decrease by 0.5% | Increase/decrease by £0.7 billion |
| Rate of mortality | More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation) | Increase by £1.6 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 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2009, USS had over 130,000 active members and the institution had 75 active members participating in the scheme.

The total pension cost for the College was £218,000 (2008: £182,000). The contribution rate payable by the institution was 14% of 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 £271,000 (2008: £268,000).

**Church of England Funded Pensions Scheme**

The College participates in the Church of England Funded Pensions Scheme and employs 1 member of the Scheme 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. A valuation of the Scheme was carried out as at 31 December 2006. This revealed a shortfall of £141m, with assets of £468m and a funding target of £609m, assessed using the following assumptions:

**20. PENSION SCHEMES (continued)**

- An investment strategy of: a nil allocation to gilts for the next 10 years, increasing linearly to reach 30% after 20 years; and the balance of the assets in equities;
- Investment returns of 4.25% pa on gilts and 5.75% pa on equities;
- RPI inflation of 3.1% pa (and pension increases consistent with this);
- Increase in pensionable stipends of 4.6% pa; and
- Post-retirement mortality in accordance with the PA00 tables, adjusted so that members are assumed to be two years younger than they actually are, with allowance for future improvements according to the "medium cohort" projections, and subject to a minimum annual improvement in mortality rates of 1% for males and 0.5% for females.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS 17 requires the College to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

Following the results of the valuation, and some agreed changes to benefits, the College contribution rate decreased from 39.8% to 39.7% of pensionable stipends with effect from 1 April 2008.

**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 £87,000 (2008: £92,000).

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

| | 1 July 2008 £'000 | Cashflow £'000 | 30 June 2009 £'000 |
|---|---|---|---|
| Cash at bank | 93 | 1,021 | 1,114 |
| Bank overdraft | (556) | 556 | - |
| Cash on deposit | 13,323 | (4,379) | 8,944 |
| Cash held for reinvestment | 53,479 | (21,522) | 31,957 |
| Debt due after 1 year | (3,000) | (3,000) | (6,000) |
| Net funds | 63,339 | (27,324) | 36,015 |

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Increase/(decrease) in cash in the year | 1,577 | (751) |
| Cash (inflow)/ outflow from (decrease)/increase in liquid resources | (25,901) | 32,478 |
| Cash inflow from increase in debt financing | (3,000) | (3,000) |
| Change in net funds resulting from cash flows | (27,324) | 28,727 |
| Movement in net funds in year | | |
| Net funds at 1 July | 63,339 | 34,612 |
| Net funds at 30 June | 36,015 | 63,339 |

## 22. PRIOR YEAR ADJUSTMENTS

The College's reserves and fixed assets have been adjusted to recognise the heritage assets received in 2008 (£200,000).

The College's reserves and creditors have been adjusted after considering the nature and terms of a gift in the light of changes to the HE SORP. The reserves were debited with £371,000 and credited deferred income with £371,000.

## 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 2009 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 Management Services Limited (formerly Aquivar Limited) | Dormant |