



The  
University  
Of  
Sheffield.

# Annual Report & Financial Statements 2014–2015.



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*Professor Sir Keith Burnett, Vice-Chancellor FRS*

## Vice-Chancellor's introduction

I am pleased to present the Annual Report for The University of Sheffield for the period 2014–15, once again a period of real achievement, opportunity and challenge for our University.

Before I outline the specific events of the year, I would first like to pay tribute to those upon whom our achievement relies – our able and dedicated staff who come to us from around the world, bringing with them a determination to serve the interests of students and society through teaching and research in ways which are admired around the globe. To each of them, thank you.

Yet none of this work is achieved in isolation. Throughout this report you will read of achievements which have only been possible because of the emphasis this university places on partnership; with our students, with our city region, with the health service, with commercial companies and with governments both in the UK and overseas.

In fact, partnership defines much of what was especially memorable about this period, and this was seen powerfully as we welcomed a series of national figures to our Advanced Manufacturing Research Centre and Nuclear AMRC with its now 600 strong cohort of advanced apprentices. Mark Carney, Governor of the Bank of England, was followed by the Universities Minister Jo Johnson – who chose the University to make his first major speech on Science and Technology – and then the Chancellor George Osborne.

The Chancellor's visit reflected the vital role the University is playing in the new powers becoming available to major cities through devolution and the opportunity for greater collaborative working to deliver economic prosperity and raised opportunity for young people.

The University is at the heart of what our region wants and needs – high skilled industry and jobs, but also better healthcare, a greener and more sustainable urban environment and links to major industrial partners and markets around the world. We bring with us unique assets in achieving this, from deep cultural links with China to the able and talented young workforce who will make change possible, and both our city and nation acknowledge the role we are increasingly playing to make a 'Northern Powerhouse' a reality.

Yet of course a university is nothing without its students, and this University was founded on the principle that it wished to make the best education available to all those with the talent to benefit from it. This year our efforts to ensure this is the case have ranged from our existing work with schools and disadvantaged groups, to our successful bid for HEFCE Catalyst funding for a project to develop alternative progression routes into HE for apprentice engineers.

This project will develop a new route for those wishing to progress from their advanced apprenticeship to a Foundation Degree and a Higher Apprenticeship that links into a new Bachelor and Master of Manufacturing Technology, which students will undertake while remaining in employment. The pathway will be offered through a flexible mode of study to meet the needs of employers and apprentices and will help us deliver a new and innovative curriculum in advanced manufacturing, without apprentices incurring debt. The initiative has been applauded across the UK and beyond, and I am deeply proud that Sheffield is leading the way nationally in this vital area.

We have also led national programmes in the education of scientific technicians, offered scholarships to postgraduates and continued to make the national case for the vital contribution of international students to our University and economy.

This year has also seen significant changes in our campus. Our determination to deliver top quality teaching and research in premises which meet the needs of today's students and staff is the driving force behind our ambitious estates plans and we were delighted to open our new £81 million building – The Diamond – in September 2015. Our largest ever investment in teaching and learning, as well as specialist engineering teaching facilities, the building houses a range of lecture theatres, seminar rooms, open-plan learning spaces, library services and social spaces. We also won a HEFCE Teaching Capital Fund grant to provide an additional £5 million capital funding for teaching equipment to help educate the next generation of engineering undergraduates at the heart of our campus.

Of course, our teaching must take place in the context of the highest levels of scholarship, and this was once again illustrated by the University of Sheffield's strong performance in the Research Excellence Framework. Across our faculties, our academic research is internationally-leading and addresses the great challenges of society and the world.

This work is certainly not restricted to the mythical Ivory Tower. The Research Excellence Framework placed a strong emphasis on impact, and Sheffield has this in abundance, from our work on healthcare, sustainability and energy, to our engagement with public policy and challenge to the way society considers the needs of its citizens. We proudly launched the Grantham Institute for Sustainable Futures and our Medical Humanities work is becoming a national and international beacon of work to enhance our approach to health – just two examples of very many.

These are all themes which not only engage our academic colleagues, they motivate our students whose work as volunteers and on enterprise projects locally and internationally speak volumes for their activism for positive change in the world. I am deeply proud that, on so many issues, we speak and act as one.

The year ahead does promise many challenges – serious reductions in public funding, greater regulation and marketisation, concerns about changes to visa policy affecting our international students and staff. But we face the future together in a strong financial and academic position, with a nationally and internationally recognised focus on innovation and partnership. For all those who have made this so, thank you.

**Professor Sir Keith Burnett FRS**  
Vice-Chancellor

*Our determination to deliver top quality teaching and research in premises which meet the needs of today's students and staff is the driving force behind our ambitious estates plans and we were delighted to open our new £81 million building – The Diamond – in September 2015.*

## Foreword by the Chairman



*Tony Pedder OBE,  
Chair of The University of Sheffield Council*

As I write this report, the 2015 Comprehensive Spending Review is imminent and the University along with other similar institutions is not expecting any relaxation in the tight financial regime in which we need to operate. We are determined to continue to respond positively to this environment as we have done to date. And in that context, I am pleased to report that 2014–15 has been another good year for the University of Sheffield.

Our undergraduate intake increased from the previous year by 1%, bringing our total new undergraduate entrants to 6,032 in the year. This was achieved without any significant change to our entry criteria. Our total undergraduate population now stands at around 17,888. We pride ourselves on the quality of our teaching and at a time when teaching excellence is on the Government's agenda, we take confidence in the response of our students with the University rated highest nationally last year, in the National Student Survey 2015, for student satisfaction in five subjects – Archaeology, Bioengineering, Drama, Landscape and Microbiology – all receiving 100 per cent satisfaction scores.

It was also a good year for postgraduate recruitment with a notable increase from both UK and overseas. I reported last year on the University's pilot scheme to improve access to postgraduate study. For many people, money is still a barrier to postgraduate education and the scheme created a postgraduate scholarship fund to improve access to funding for students from widening participation backgrounds. This has proved successful.

Our finances strengthened somewhat in the year and we generated an underlying operating surplus of £21.3 million on a turnover of £560.6 million, excluding

the effect of the RDEC net claim in the year. As I said last year, the maintenance of sound finances is vital if we are to keep enhancing our facilities for the benefit of future students and researchers.

In terms of our estate, there were a number of important capital projects undertaken in the year, including our magnificent engineering building, The Diamond, which was ready on time to welcome students at the start of the 2015–16 year. Early feedback from users is very positive. Other major capital investments include the refurbishment of 9 Mappin Street for the Departments of Economics and Journalism, and the start of a major project to replace the IT systems which support our student experience.

Our research activity has continued strongly. There was solid growth in awards in the year and a strong performance in the Research Excellence Framework. It was particularly pleasing to note the ongoing success of our two CATAPULT centres, the AMRC and Nuclear AMRC. Other notable research developments included the launch of our Energy 2050 initiative, one of the UK's largest energy research institutes.

I referred last year to our enhanced role in civic engagement. This has continued this year and has had added importance with the Government taking forward initiatives both on the Northern Powerhouse and also on regional devolved powers. The University can and will play a strong role in supporting the city region in responding to these initiatives, and indeed the emergence of an Advanced Manufacturing Innovation District, spreading out from our AMRC campus, is an exciting growth story for us and for the region.

Another aspect of our civic engagement work has been the Festival of the Mind, which we first undertook in 2012. This year's festival showcased collaborations between academics and the city's creative and cultural industries, at events across the city and attracted 27,182 visitors. Our team that organized this has also supported the development of several other large-scale events, including the Life festival of health, and the ESRC festival of social sciences.

The University has continued to perform well in league tables – 2014–15 saw the University jump 24 places to be ranked 97th in the Times Higher Education World University Rankings. The Students' Union was voted the best in the UK for the fourth year running in the National Student Survey and for the seventh year running in the Times Higher Education Student Experience Survey.

Our alumni are a vital part of the University community and a key asset of the University. We have enhanced our liaison with them through a refreshed Alumni Board, chaired by one of our Council members – Richard Mayson. We have also revised the arrangements that previously were covered by Court. We will from next year introduce a revised showcase event as a new means of civic and alumni engagement. During 2014–15 many of our alumni achieved success in their chosen fields, including Christopher Earnshaw, who was awarded an OBE for services to Engineering and Technology. Julie Morrow was awarded an OBE for services to Children and Families and Rachel Wakeman received an OBE for services to Child Protection.

The key asset of the University remains our talented staff. They have continued to perform at the high level to which we have become accustomed and on behalf of Council, I thank them for their efforts and their skills. We have seen some significant changes in the senior team this year and it would be remiss of me not to refer particularly to Paul White, who retired from the position of Deputy Vice Chancellor during the year. He has contributed strongly in that role and indeed for many years previously as a Pro-Vice-Chancellor and I thank him for his support over those years and his outstanding service to the University.

I also wish to record the appreciation of Council, staff and students to Sir Peter Middleton, who retired at the end of the year. Peter has been our Chancellor since 1999 and his contribution to the University has been exemplary.

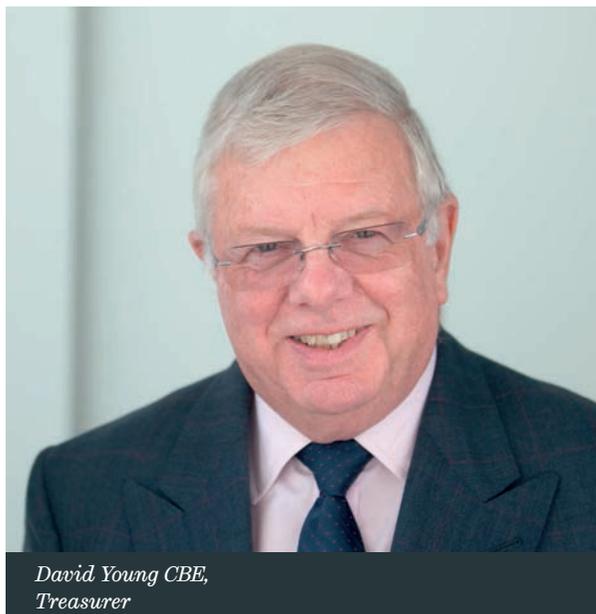
We continue to face a quite uncertain future with many elements of our business particularly hard to forecast at this time. Despite these uncertainties, over the course of the year we have worked together to refresh our Strategic Plan for the coming years. This has reinforced our confidence that we have the leadership and skills throughout the University to continue to respond positively to whatever challenges we may have to confront, with the agility, determination and professionalism that is the hallmark of the University of Sheffield.

**Tony Pedder OBE**

Chair of The University of Sheffield Council

*The University has continued to perform well in league tables – 2014–15 saw the University jump 24 places to be ranked 97th in the Times Higher Education World University Rankings.*

# Report of the Treasurer



David Young CBE,  
Treasurer

## Financial performance

The last year has been another year of strong financial performance, with an operating surplus of £35.6 million, and an underlying operating surplus of £21.3 million that is 3.8% of income. Tuition fee income and research income have continued to grow, counteracting continued reductions to HEFCE teaching and capital grants. We have invested in our staff and in our infrastructure ensuring that we have the right resources to continue to deliver our excellent teaching and research that enables us to be a world top 100 University.

Summary income and expenditure account			
	Year ended 31 July 2015 *underlying results £m	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
<b>Income</b>			
Grant income	90.4	90.4	99.2
Fee income	253.3	253.3	219.1
Research income	144.1	158.4	129.1
Other income	72.8	72.8	70.5
<b>Total income</b>	<b>560.6</b>	<b>574.9</b>	<b>517.9</b>
<b>Expenditure</b>			
Staff costs	290.6	290.6	268.0
Operating expenditure	183.1	183.1	173.6
Depreciation	60.6	60.6	50.3
Interest payable	5.0	5.0	5.6
<b>Total expenditure</b>	<b>539.3</b>	<b>539.3</b>	<b>497.5</b>
<b>Operating surplus</b>	<b>21.3</b>	<b>35.6</b>	<b>20.4</b>
Profit/(loss) on disposal of assets	0.1	0.1	0.4
Taxation	–	(3.1)	–
Other items	(0.2)	(0.2)	0.1
<b>Surplus on continuing operations</b>	<b>21.2</b>	<b>32.4</b>	<b>20.9</b>
Historical cost adjustments	12.3	12.3	10.7
<b>Historical cost surplus</b>	<b>33.5</b>	<b>44.7</b>	<b>31.6</b>

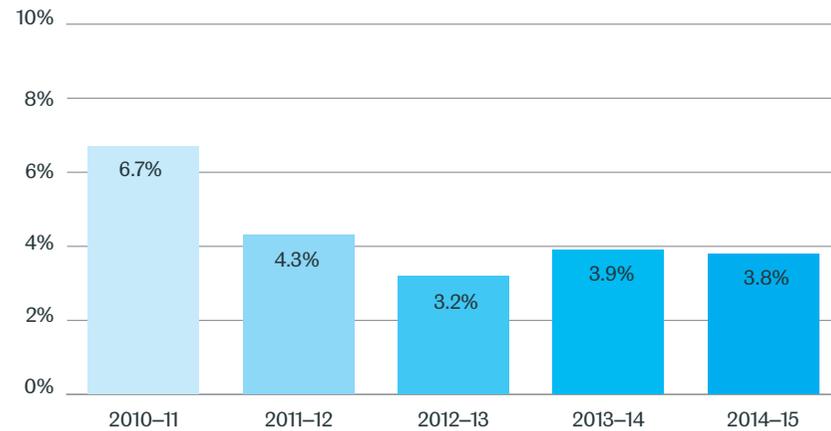
\* The results for the year ended 31 July 2015 include a Research and Development Expenditure Credit (RDEC) net claim of £11.2 million. Excluding this credit results in an underlying operating surplus of £21.3 million.

## Financial highlights

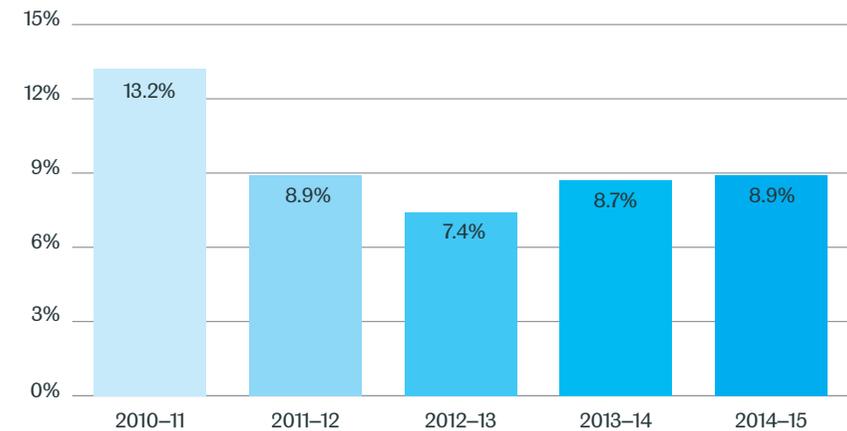
- Underlying income growth of 8.2%
- Underlying operating surplus of £21.3 million (2013–14: £20.4 million)
- Cash generated from operations of £45.7 million (2013–14: £45.7 million)
- Continued capital investment of £131.7 million (2013–14: £89.9 million)

## Key financial indicators (underlying results)

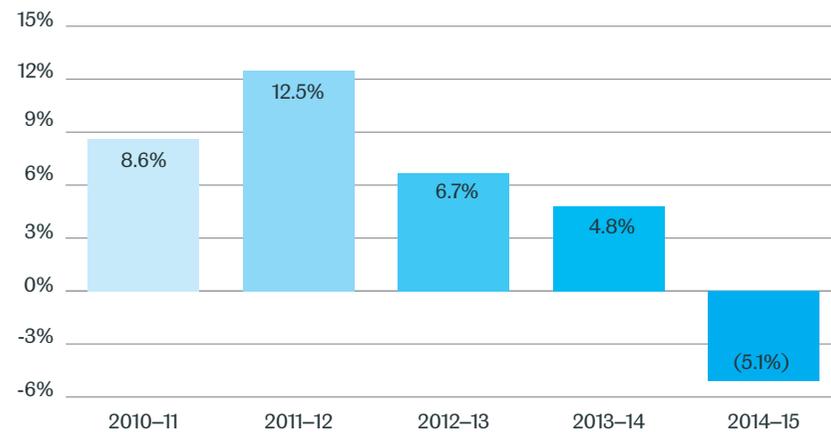
### Operating surplus as a percentage of income



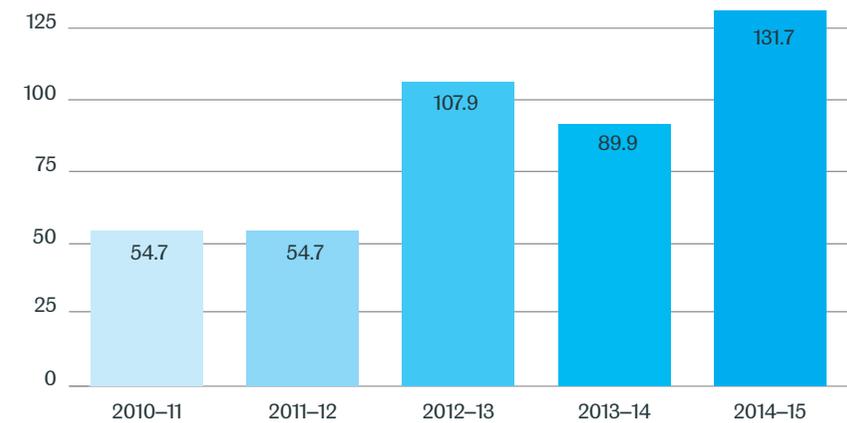
### EBITDA as a percentage of income



### Net funds as a percentage of income



### Capital investment (£m)

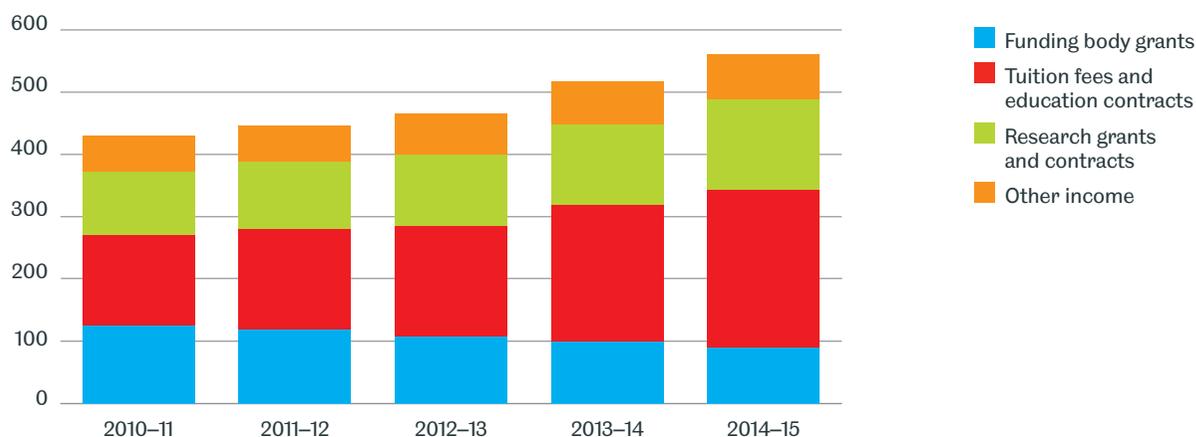


## Income and expenditure account (underlying results)

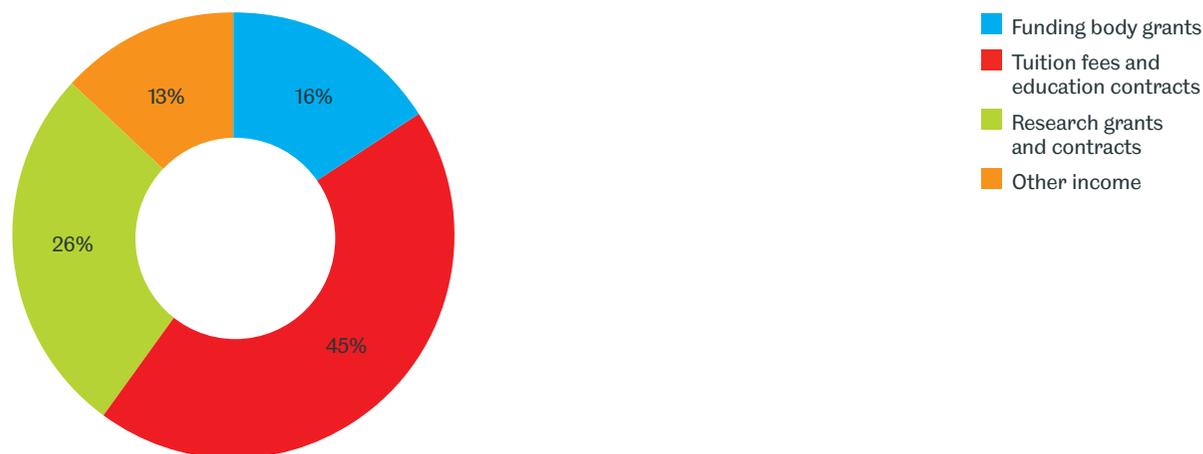
The last two years have seen income grow at an accelerated rate compared to earlier years. This has primarily been due to growth in tuition fee income, whilst HEFCE grant income has declined over the last five years.

HEFCE teaching and research grant income now constitutes 16% of total income, whereas historically it was greater than a quarter of total income. In its place, tuition fee income has increased to 45% of total income, from both home and overseas students.

Total income (£m)

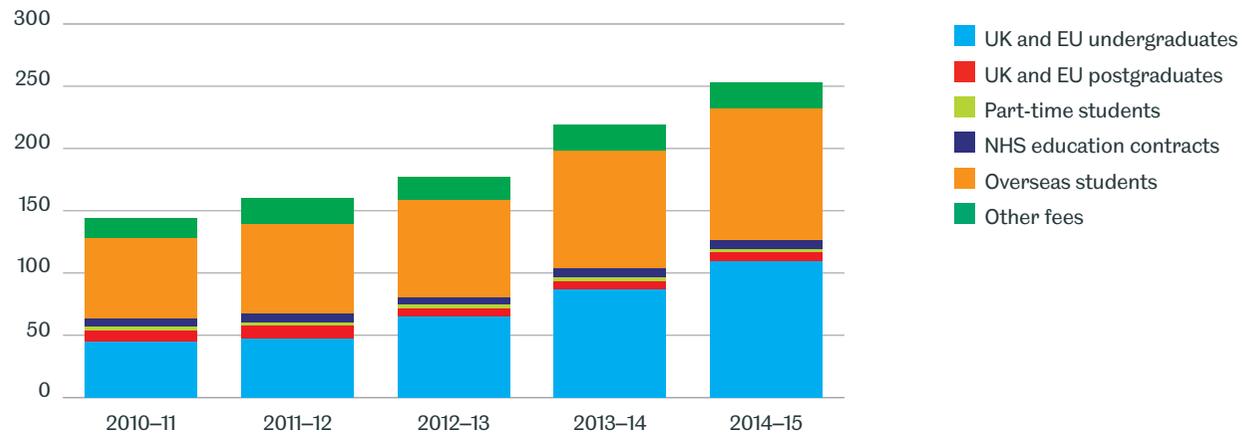


Total income 2014-15



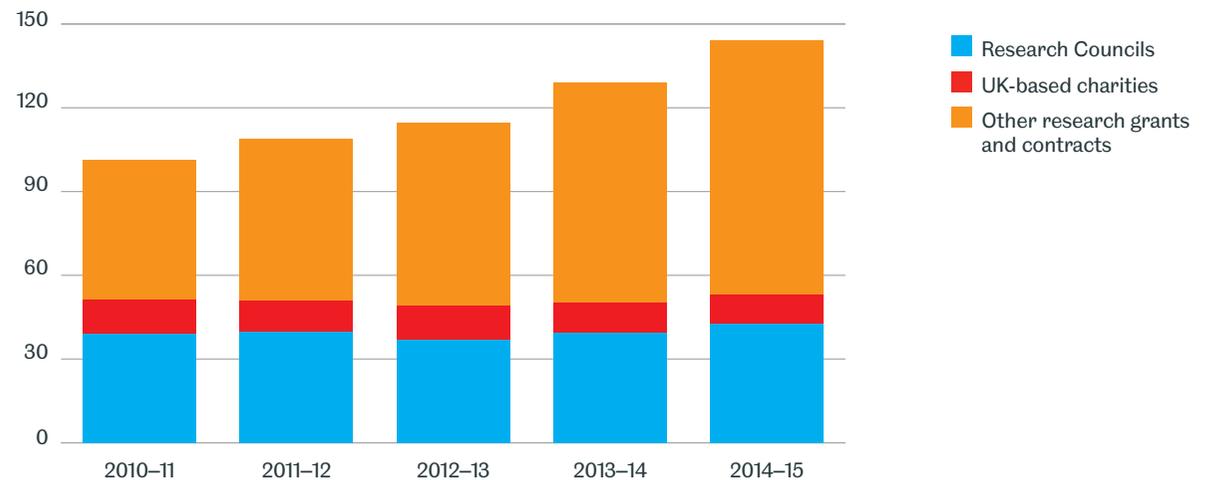
During the last 12 months home undergraduate tuition fee income has grown by 26.6%, whilst overseas tuition fee income has grown by 12.1%. Over the last five years home undergraduate tuition fee income has grown by 143.6%, whilst overseas tuition fee income has grown by 64.7%.

**Fee income (£m)**



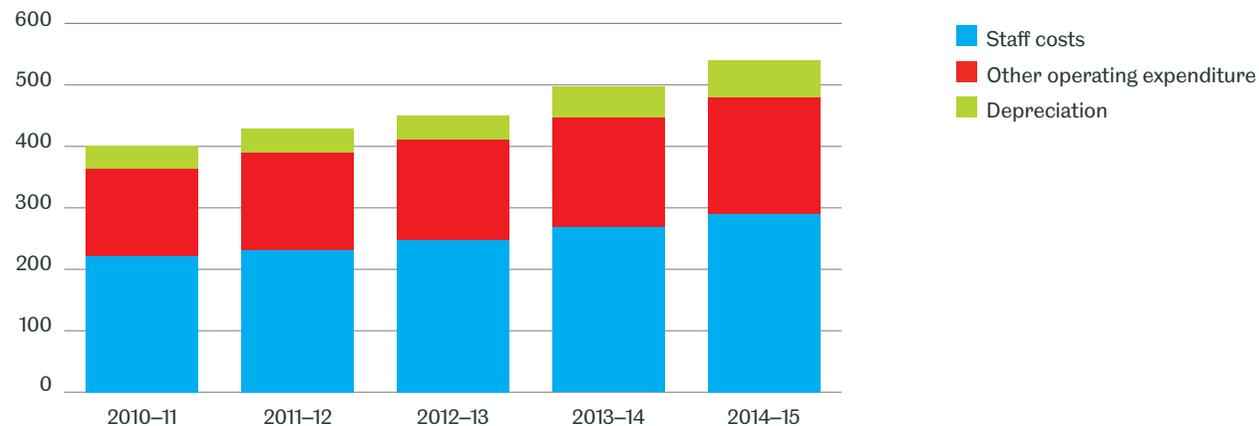
Research income has continued its strong growth of 11.6% during the last year, particularly for income from the research councils and from capital grants. However, research income from charities and the EU have both declined slightly.

**Research income (£m)**



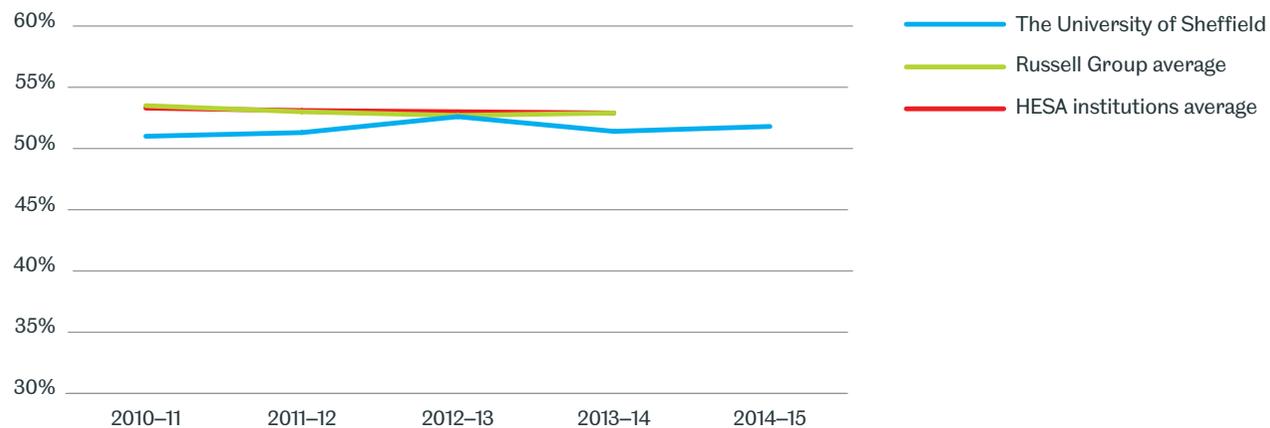
Total expenditure has grown by 8.4% to £539.3 million over the year. As a proportion of total expenditure depreciation has increased to 11.2%, reflecting our investment in our infrastructure to ensure we remain a world-class institution.

**Total expenditure (£m)**



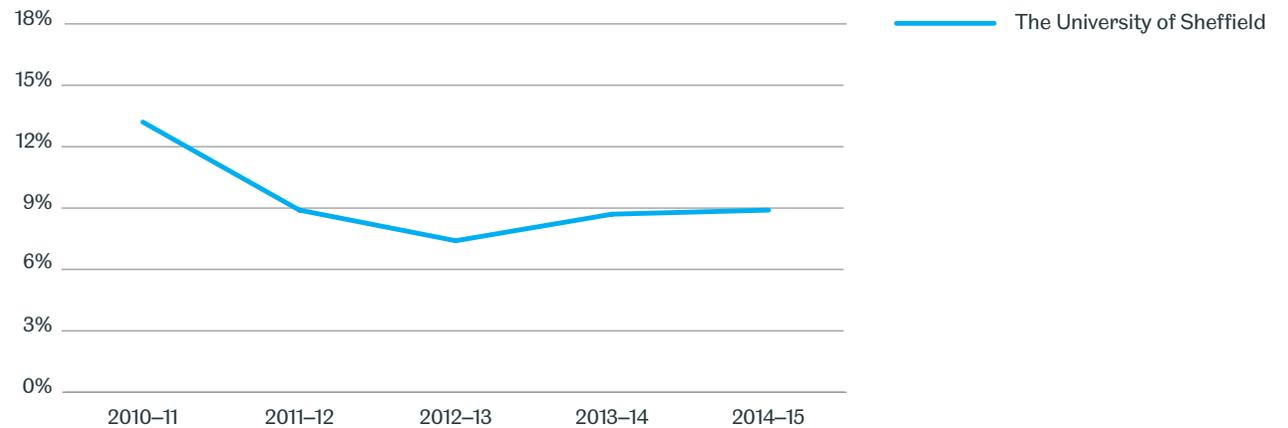
Staff costs remain our biggest single expenditure item. Staff costs as a percentage of income have remained relatively constant over recent years, ensuring that investment in staff grows in line with income growth.

**Staff costs as a percentage of total income**



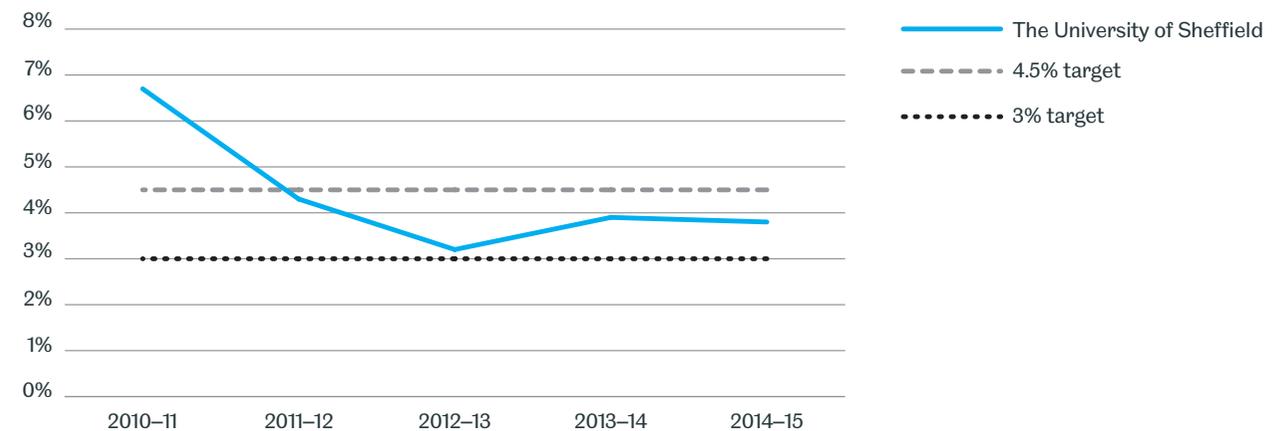
Earnings before interest, taxation, depreciation and amortisation (EBITDA) enables institutional comparability, particularly as it excludes areas such as depreciation where institutions can apply a range of accounting policies. It is a proxy for cash flows and enables the University to have cash resources to fund capital and strategic initiatives.

**EBITDA as a percentage of total income**



Our underlying operating surplus of 3.8% is another strong result, ahead of our lower target of 3.0% of total income. We have financial plans to ensure that we achieve in the future our target of operating surpluses being at least 4.5% of total income.

**Operating surplus as a percentage of total income**



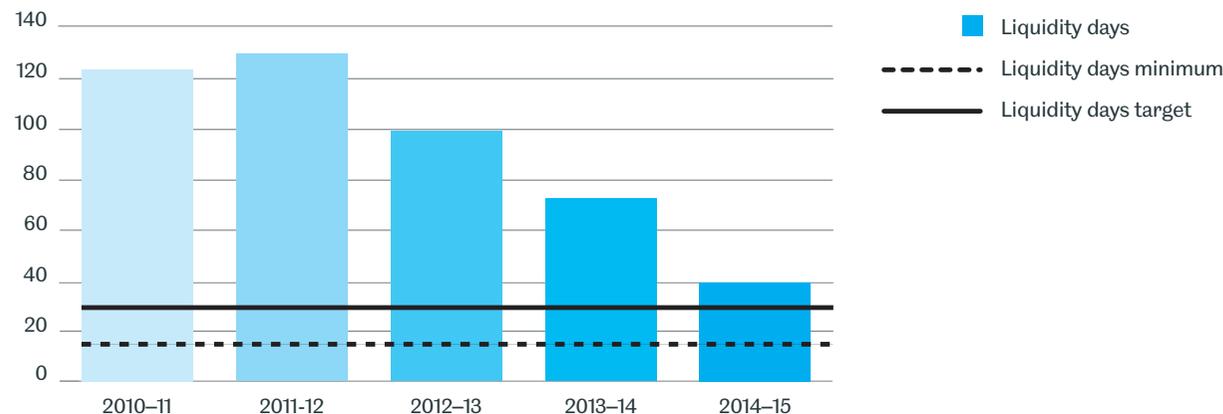
## Balance Sheet

Historically our liquidity days have been above targets as we have built up cash reserves for investing in self-financed capital. In keeping with our plans, we have increased our investment in our infrastructure in recent years, thus utilising these reserves, whilst ensuring we remain above our liquidity days target.

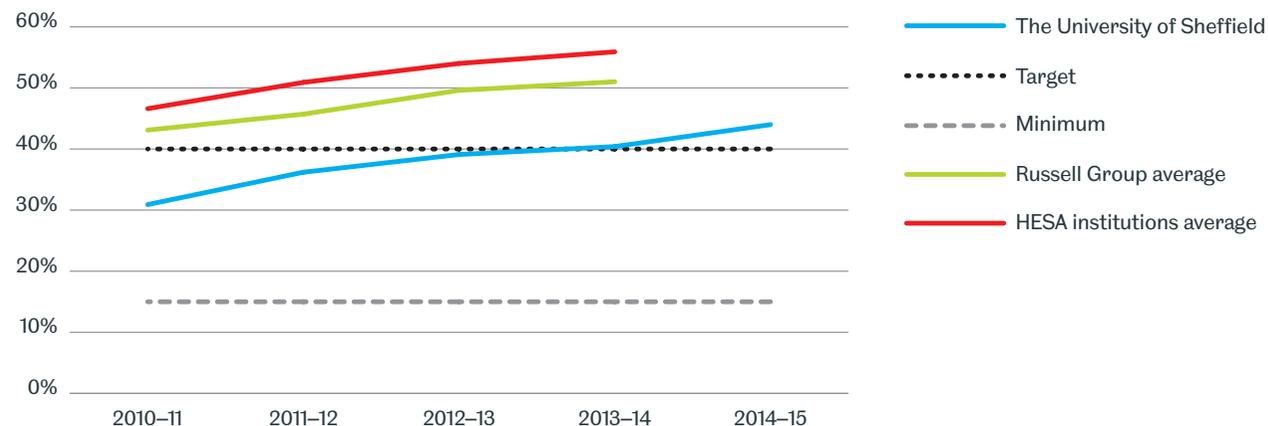
Healthy financial surpluses over the last five years have led to our discretionary reserves increasing and we have now exceeded our target however we still lag behind our peers.

During the year the University put in place Asset Backed Funding (ABF) to provide long term funding for the University of Sheffield Pension Scheme (USPS). This appears upon the University balance sheet but is excluded from the consolidated balance sheet.

### Liquidity days



### Discretionary reserves as a percentage of total income

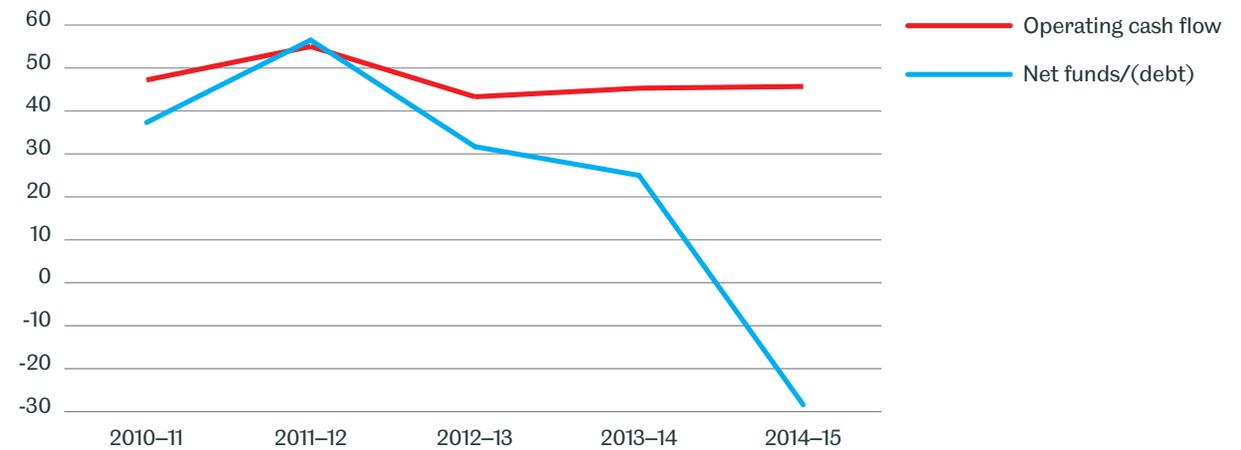


## Cash

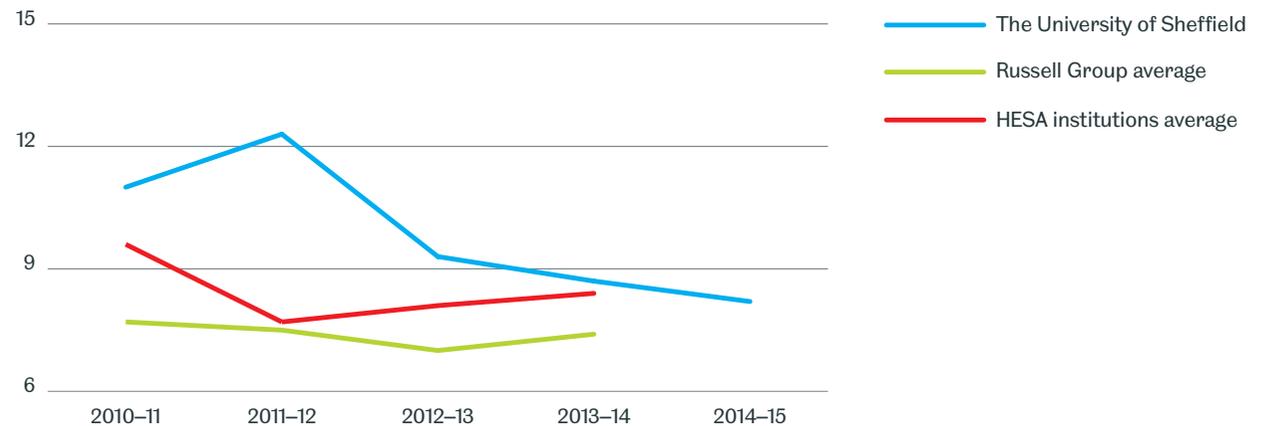
We have continued to generate healthy operating cash flows, drawing on these and our cash reserves to fund our planned investment in our infrastructure so that we have the facilities to enable us to remain a top global institution.

Our operating cash flows as a percentage of total income have remained buoyant and above sector norms, enabling us to continue to make strategic investments in our staff and our infrastructure.

**Net funds/(debt) (£m)**



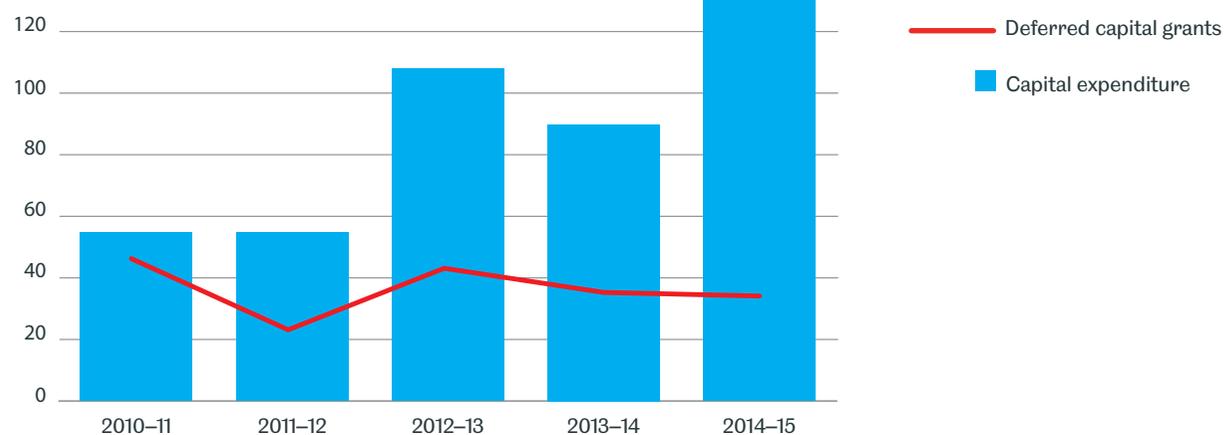
**Operating cash flow as % of total income**



## Capital

Capital expenditure in recent years has increased in accordance with our investment plans. Alongside teaching grant cuts, there have also been reductions to capital grants requiring us to self-finance a greater proportion of our capital spend. Areas such as the AMRC continue to attract significant grant funding to invest in infrastructure.

Capital expenditure and deferred capital grants (£m)



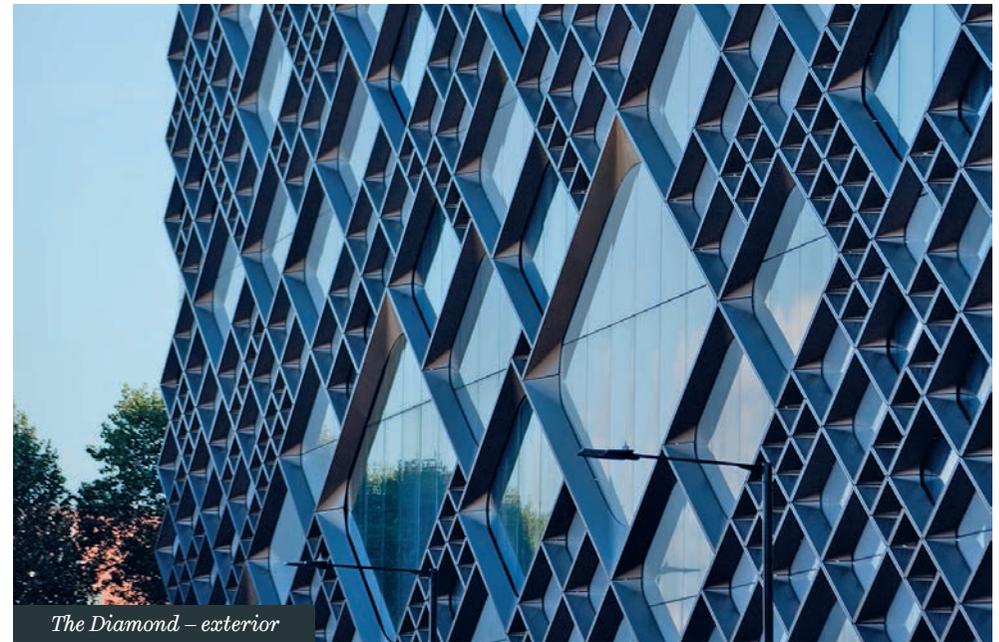
## Conclusion

2014–15 has been another financially robust year with continued income growth, a healthy operating surplus and buoyant cash generation which has allowed us to fulfil our plans of continued investment in both staffing and infrastructure. The investment in iconic buildings such as The Diamond will ensure that we remain able to provide world-class teaching and research facilities.

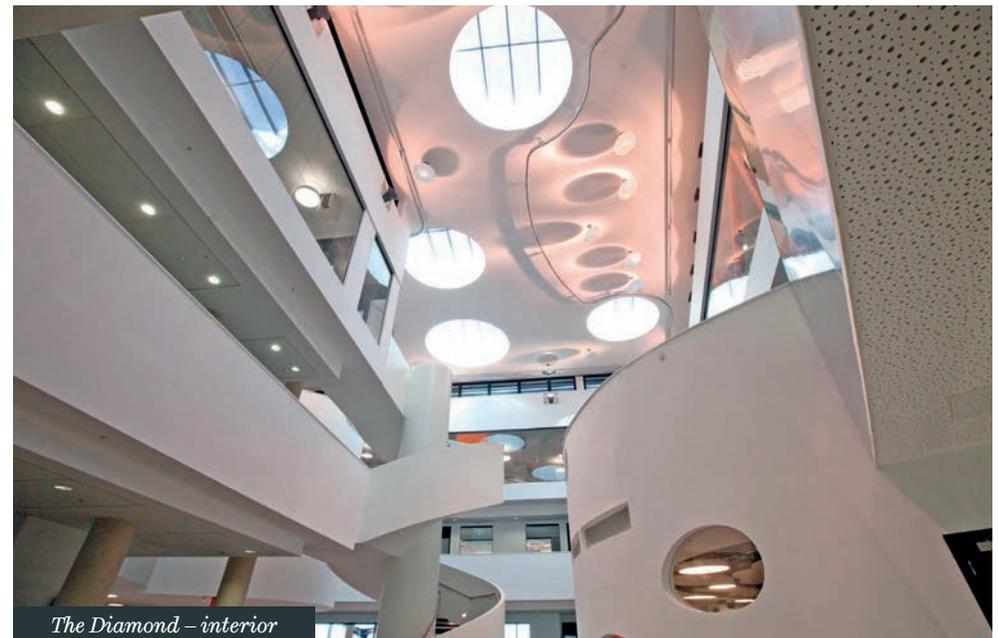
We continue to face a period of uncertainty, making the delivery of strong financial performance all the more necessary. Future changes such as the 2015 Comprehensive Spending Review could further reduce grant funding, and overseas financial markets and government immigration policies create further uncertainty. However, our current planning will enable us to face these challenges and to be in a strong position to respond in an agile manner to the changes we encounter. We continue to plan growth across the institution in both existing and new markets, and to remain a top global university. Our plans for the future, combined with our historically healthy financial performance, allow us to look forward with confidence.

Finally, I would like to join with the Vice-Chancellor in thanking our staff and students for enabling us to deliver our ambitions and the many successes of the past year.

**David Young CBE**  
Treasurer



*The Diamond – exterior*



*The Diamond – interior*



## Research and innovation

Sheffield has a global reputation for pioneering research that makes a difference around the world as well as benefiting the UK economy and its social, political and cultural life. The 2014 Research Excellence Framework confirmed this excellence across research, putting us in the top 10 per cent of UK universities.

The quality, breadth and volume of the University's research activity are demonstrated by the fact that 99 per cent of the research submitted by the academic staff has been rigorously judged as internationally-recognised or better; 33% was deemed world-leading. The University was also one of only three in the country to make 35 or more submissions in different subject areas. Of the 35 submissions, 23 were judged to be in the top ten in the Russell Group for the quality of their research outputs.

To secure this position, we're collaborating with partners internationally and across Europe as well as nationally in the private, public and third sectors to find real-world solutions to real-world problems.

During this year, the University has seen a number of major investments in its research. As a member of the N8 Research Partnership – a collaboration of the eight most research intensive Universities in the north of England: Durham, Lancaster, Leeds, Liverpool, Manchester, Newcastle, Sheffield and York – Sheffield is to receive a share of a major HEFCE (Higher Education Funding Council for England) grant

of nearly £8 million to address the challenge of food security. The University is matching its £1 million share of the grant, giving a £2 million boost to support two collaborating strands of research – Sheffield Sustainable Food Futures programme (SheFF) and Plant Production & Protection (P<sup>3</sup>).

Sheffield will also be home to one of the largest dynamic testing facilities in the UK, thanks to a £4m investment from the Engineering and Physical Sciences Research Council (EPSRC). The Structural Dynamics Laboratory for Verification and Validation will enable researchers to work with industrial sectors such as energy, aerospace, renewables and medical engineering to test and research engineering structures (e.g. helicopters and airframes) from the component level to full-scale. The new £4 million grant brings the total current investment in the facility to £11 million.

We are also at the heart of driving innovation in the UK through our backing of an ambitious plan to create the UK's first Advanced Manufacturing Innovation District (AMID). Centred on the heart of the Sheffield City Region, which is already home to the University's Advanced Manufacturing Research Centre (AMRC), the Innovation District will combine research institutions, innovative firms and business incubators with the benefits of urban living. We will be working closely with our public and private sector partners to help deliver this ambition.

Our research strategy upholds the ideals of discovery and acknowledges new ways of acquiring, investigating and developing knowledge. It also recognises the University's wider responsibilities in applying knowledge. Our research culture supports academic freedom and independence, encourages radical thinking, and challenges orthodoxies.

It is the nature and scale of our interdisciplinary research that makes us stand out from other universities. We bring together people from diverse research backgrounds in virtual centres, physical institutes, or state of the art environments designed to foster world-leading interdisciplinary research excellence. For the success and impact of our research knowledge transfer activities we are among the leading Russell Group universities.

# The student experience

As a research-led institution we are well placed to provide an excellent student experience. Our programmes of study are delivered by academic staff who both teach and undertake world-leading research and scholarship in their disciplines, supporting our students on their journey to discover and understand. Our global reputation for teaching and research attracts students from over 120 countries, making Sheffield a truly international community. During 2014–15 we have been celebrating our top ranking position, having been voted number one for student experience in the Times Higher Education Student Experience Survey.

## Teaching and Learning

We pride ourselves on an excellent research-led learning and teaching environment, providing all undergraduate and postgraduate students with a distinctive experience that enables them to fulfil their potential. Sustained excellence in our provision is evidenced through student feedback, periodic reviews of academic departments and external audit from the Quality Assurance Agency. Support for staff has been extended through the introduction of an externally-accredited Learning and Teaching Professional Recognition Scheme.

## Student support

Our student employability strategy aims to encourage students to develop a broad range of achievements, skills, understanding and personal attributes to support successful employment and active citizenship. These attributes are fostered by the education in our academic departments, alongside other opportunities for personal development and challenge, supported by a range of cross-campus initiatives and services.

## Employability

Our institutional student employability strategy aims to encourage students to develop a broad range of achievements, skills, understanding and personal attributes to support successful employment and active citizenship. These attributes are fostered by the education we offer in our academic departments, alongside other forms of personal support within and beyond the academic Department. Students develop these attributes with the support of cross-campus and central University services and through the opportunities provided to them by the wider University environment.

The University and Students' Union have many services for employability skills, career planning and preparation for the workplace

## Widening participation and fair access

The University has a long-standing commitment to widening participation and fair access. Our Access Agreement priorities include increasing opportunities for students from under-represented groups; ensuring that students have access to resources and support to fulfil their potential; and providing our students with opportunities to enhance their preparedness for graduate employment and capacity for further professional and academic study. In 2014–15 our Postgraduate Support Scheme focused on widening participation within taught postgraduate courses.



**Achieve More** is an exciting new addition to our undergraduate curriculum, providing all students with the chance to work in an inter-disciplinary context developing potential solutions for a range of real-life global problems.



Through our comprehensive range of award-winning services, the University and Students' Union collaborate to support employability skills, career planning and preparation for the workplace. This includes a new service supporting student work placements. Students' Union collaborate to support employability skills, career planning and preparation for the workplace. This includes a new service supporting student work placements.

SSiD is a one stop shop for students for information, help, support and guidance.



The Office for Fair Access (OFFA) has approved our Access Agreement which sets out our plans for ensuring fair access to students from under-represented groups through outreach work and financial support.



## Philanthropic support and our alumni

The University of Sheffield received £4.7 million in philanthropic donations during the 2014–15 financial year, an increase of 44% from 2013–14. The impact of philanthropic gifts is being felt across the University. Notable gifts during 2014–15 include:

- £2.6 million pledged (£375,000 in 2014–15) from the Grantham Foundation for the Protection of the Environment to establish the Grantham Centre for Sustainable Futures. The centre will work across disciplines to create new ideas and technologies, which combine to make local, national and global communities more sustainable, now and in the future.
- £594,000 from the estate of Susan Hargas for dental equipment in the Faculty of Medicine, Dentistry and Health.
- £476,000 from the Wolfson Foundation, continuing its support of PhD scholarships in the Faculty of Arts & Humanities and to refurbish laboratories in the Faculty of Science for the Imagine project.
- £500,000 from the estate of Max Batley for peace studies at the University.

Our Alumni Fund has given out over £314,000 throughout 2014–15 as scholarships, grants to student clubs and societies and support for projects across the University. The University also carried out a major fundraising campaign for postgraduate scholarships during 2014–15 with all the donations to the campaign being matched by the Higher Education Funding Council for England (HEFCE) through its postgraduate funding scheme for the 2015 intake. The campaign funded 26 scholarships of £10,000 for students who would not otherwise have had the opportunity to undertake postgraduate study.

This year the University created the Alumni Board to support, advise, monitor and comment on the effectiveness of the University's alumni engagement programme. The Board works closely with the University's Alumni Relations team to develop and strengthen programmes that enhance the relationships alumni have with the University and with each other.

Over 700 Sheffield alumni have volunteered for the University this year, an increase of 155% from 2013–14. Together they spent more than 6,500 hours in activities such as our Career Service eMentoring programme, which engaged over 270 alumni mentors in supporting current students with their career decision making and the University's flagship Achieve More initiative, one of our biggest innovations in learning and teaching in recent years. Other activity included our new City Connections programme, which was this year piloted in the Faculty of Social Sciences. This involved taking 40 current students from backgrounds under-represented in higher education to London to visit alumni businesses, take part in workshops, tours, and an evening networking event with over 40 Social Sciences alumni.

Emeritus Professor Gillian Gehring has been honoured with the University's Portrait of a Woman Prize, a project to mark the contribution of the thousands of remarkable women at the University. Professor Gehring is the first, and to date only, woman Professor of Physics at Sheffield, and the second woman ever to hold a Professorship in a UK Physics Department. A distinguished international research leader in magnetism and orbital ordering, Professor Gehring has made great contributions to both theoretical and experimental projects.

Her seminal work on the co-operative Jahn-Teller effect inspired a generation of new physics experiments.

During 2014–15 many of Sheffield's alumni achieved success in their chosen fields;

### **Christopher Martin Earnshaw**

FREng, CEng, FIET, FRSA

(BSc Physics, 1976) was awarded an OBE for services to Engineering and Technology.

### **Julie Morrow**

(PG DIP Language Communication Impairment, 2002) was awarded an OBE for services to Children and Families. Julie is the current Head of Appletree and Stoneygate Nursery Schools and Children's Centres, Lancashire, managing four outstanding nursery schools.

### **Rachel Catherine Wakeman**

(PG DIP Art Psychotherapy, 1998) is Executive Director and Trauma Care Worker with Imara, assisting families and children in recovery following traumatic events, and was awarded an OBE for services to Child Protection.

### **Dr Stephen Roger Perrin**

(BA Hons Psychology, 1980, PhD Psychology, 2001), chief executive of the UK Digital Fund Partnership, working to boost independent cinemas, was awarded an MBE for services to the Cinema Industry.



## Civic University and Sheffield City Region

The University of Sheffield was founded over 100 years ago, inspired by the belief that a University could make a powerful difference in the lives, health, prosperity and well-being of the people of Sheffield. This desire to use education to do good for those beyond the University continues to inspire research and teaching. We are a world class research university and one of the most popular UK destinations for talented students across the globe.

The economic benefits to the City of Sheffield are enormous, and there are many opportunities for the local community. Educational courses, public events and lectures are available to local residents and we collaborate with schools and other agencies in the city. Our sporting facilities are available for use by community groups and local sports clubs.

Our students are active in contributing positively to the life of the City of Sheffield through volunteering and other community activities. The University recognises that the presence of so many predominantly young students has a significant impact. We are committed to building good community relations and are determined that our students are aware of their responsibilities in the neighbourhood.

The University has a strong commitment to the people in the Sheffield City Region. In addition to well-established areas of partnership – research collaboration and medical placements within the region's hospitals, outreach activities with 150 local schools and alliances with business – we are working at a strategic and delivery level regarding the development of key partnerships in the city region that reflect the best of our world class research. The City Engagement team working under Professor Richard Jones are developing with colleagues within the university and the city, ways in which we engage with the Sheffield City Region. Areas in which we are shaping and delivering regional policy include enterprise and innovation activity, sustaining and inputting into a vibrant city centre and the development of the Innovation District. Specific city based projects that are enabled by our world class leading researchers and delivered by the City team include the Grey to Green 1.8km of repurposed linear park to be open in March 2016 through the work of Professor Nigel Dunnett in the School of Landscape Architecture.

*Our students are active in contributing positively to the life of the City of Sheffield through volunteering and other community activities.*



Artistic impression  
Image courtesy of Sheffield University

# Strategic planning

The University of Sheffield's mission, vision and identity frames our approach to strategic planning. Our guiding principles are applied to the changing situations and conditions we face, and to new ways of working and we see them as enduring over time. They stand as the touchstone of the kind of university we aspire to be, guiding the choices we all make in our daily work. These are underpinned by a Strategic Plan and informed by a range of performance indicators which demonstrate our areas of strength and focus. The Strategic Plan for the period from 2015 was approved by Council in October 2015 and will be launched in December 2015.

## The University's Mission

Our purpose has long been to improve the world by seeking to understand it better. The University's motto, "Rerum Cognoscere Causas", comes from Virgil's Georgics and means 'to know the causes of things'. We now define the University's mission in more contemporary language as 'to discover and understand'. We remain committed today to the goal of changing the world for the better through the power and application of ideas and knowledge.

## The University's Vision

The University of Sheffield will be one of the best universities in the world, renowned for the excellence, impact and distinctiveness both of its research and its research-led learning and teaching. This vision is grounded in a strong belief in a culture of higher education built on a positive interaction between learning, teaching and research.

## The University's Identity

The University has expanded from its original intake of 114 students to nearly 25,000, who now study across a broad range of areas spanning arts and humanities, social sciences, medicine, science and engineering.

We promote the potential for higher education to transform people's lives and welcome a hugely diverse range of staff and students from around the world to our city. We recognise too that some issues of international importance in the 21st century are entirely different from those of the past. We seek to play a leading role in the research and teaching needed to address the biggest issues facing our world today.

Over the years the growing extent of our ambition and the increasing number of exchanges of people and ideas has developed the University's reach. We are now a truly international university with a world-wide reputation. The University holds charitable status as an Exempt Charity and the Council and senior management have had due regard to the Charity Commission's public benefit guidance. Public benefit is integral to the culture of the University, and is embedded in its historical foundations.

## The University's Guiding Principles

The University's Strategic Plan 2010-2015 is structured around six guiding principles that underpin the University's mission and inform all our strategic decisions. They combine to constitute a shared framework for our activities. The guiding principles are Achieving Excellence; Cultivating Ambition; Making a Difference; Working Together; Protecting the Future; and Leading the Way.

## Rolling average key performance indicators

	31 July 2011	31 July 2012	31 July 2013	31 July 2014	31 July 2015
Historical cost surplus as percentage of income	5.9%	4.2%	3.4%	5.4%	5.6%
Discretionary reserves (excluding pension liability) as percentage of income	33.7%	35.1%	35.8%	41.4%	45.5%
External borrowing as percentage of income	19.3%	17.8%	15.3%	21.8%	13.4%
Net cash flow as percentage of income	8.7%	8.3%	7.7%	9.1%	10.5%
Net liquidity days	92	67	63	90	49

## Institutional Sustainability

The University has a range of Performance Indicators (PI's) that are used to monitor progress and inform action in seeking to meet the ambitions set out in the strategic plan. The financial health PIs additionally provide an input to the institutional sustainability assessment which has been developed following recommendations from the HEFCE Financial Sustainability Strategy Group (FSSG).

The FSSG recommend that institutions adopt a basket of financial health indicators which are based on those reported to and used by HEFCE. These KPIs are already contained within the University's Financial Operating Strategy and are monitored by Finance Committee. However, the FSSG also suggest that these are viewed on a rolling basis (previous year's actual results plus 4 years of the current existing forecast through to 2016/17). The results are illustrated in the table below which demonstrates some positive progress against most of these indicators.

# Strategies

## Financial Operating Strategy

The achievement of the University's Mission, Vision and Identity depends on the University creating and maintaining a healthy financial position. Our financial situation provides both the opportunities and constraints for our future development. It enables and is affected by all of our activities within the University.

The overall financial objective of the University is to provide a robust, solvent and sustainable position that supports the University's core activities and which facilitates the strategic planning, development and implementation of activities and decision making in all academic and support areas to achieve the University's vision. This is facilitated through specific objectives and an agreed set of financial targets to ensure that it is operating on a financially sound basis.

## People Strategy

The vision of the University's People Strategy is simple – to create a remarkable place to work. Our staff and their collective talent is the first and foremost priority for a University that has the ambition to change the world for the better through the power and application of ideas and knowledge.

Through attracting, growing and engaging a diverse range of staff from many different backgrounds with the ambition to transform people's lives, a desire to take a leading role in research and teaching and a commitment to enhance the reputation of the University, this vision can be achieved.

Throughout 2014–15 the University has delivered a range of people related activities and initiatives. These include the development of a globally renowned leadership development offering, "Sheffield Leader", as well as a sector-leading reward and recognition strategy, "The Deal" and a growing reputation for being

an inclusive employer. 94% of our staff reported they are proud to work for the University (Staff Survey 2014). The values and behaviours outlined in the Sheffield Professional Framework were showcased in the first Sheffield Professional Awards ceremony in March 2015, celebrating the achievements of some of our Professional staff.

As our staff are key to the achievement of the University's strategic vision, successful delivery of the People Strategy is critical to the University's success.

## Estates Strategy

Our estate is a key resource that needs to be well planned, managed and continually improved in order to support the achievement of our academic priorities in teaching and learning, research and knowledge exchange. Providing a high quality learning and research environment fit for purpose for a world leading Research University in the 21st century is an essential component of our Strategic Plan; one which aims to give all students an outstanding educational and social experience, and staff the facilities they need to work creatively and effectively.

Since the start of the new century, we have completed a number of iconic and innovative projects that have attracted international attention such as the Jessop West Building and the Nuclear Advanced Manufacturing Research Centre (NAMRC). Recently completed major renovation and refurbishment of landmark buildings in the city have similarly received widespread acclaim for the quality of the restoration work and the sympathetic treatment of our urban heritage. Building on these successes, our aim is to enhance our remaining estate and the city landscape with investment in a mixture of appropriate new development and refurbishment of legacy buildings.

*Through attracting, growing and engaging a diverse range of staff from many different backgrounds with the ambition to transform people's lives, a desire to take a leading role in research and teaching and a commitment to enhance the reputation of the University, our vision can be achieved.*

The challenges we face are many and varied. Over the coming years we will continue to grow our activities. Expansion is occurring differentially in response to strong demand from students, industry, sponsors and other organisations with which we are developing partnerships. We are establishing clear priorities in line with our academic objectives, obtaining best value from a wide range of investment sources, continuing to press downwards on our operating costs, and keeping our plans within the bounds of what is affordable and realistic.

#### Environmental Policy

The University shows its commitment to environmental best practice. Our Environmental Policy provides the framework for all our work, whether it be in relation to energy saving, waste and recycling or sustainable transport.

We recognise the challenge posed by climate change, and we have set challenging environmental targets to improve continuously our environmental performance. We will allocate sufficient staff, finances and other resources to carry out our broad environmental aims and objectives. We recognise that reducing our environmental impact requires joint effort and commitment by staff and students, and will work in partnership with the Union of Students to do so.

#### Risk Management Strategy

The Risk Review Group was established in 2008 to oversee all strategic and operational levels of risk and opportunity management. Responsibilities and reporting processes have been fully integrated in the Faculties and Professional Services in line with the Risk Policy which is reviewed annually and approved by Council, most recently in June 2014.

We have developed a statement of appetite for risk which supports the risk management across the institution. We take a balanced approach to risk across the full range of its activities. We have a low risk appetite for mission critical risks; however the risk appetite of individual Faculties and Professional Services may vary. A low institutional appetite for risk provides context and support for a less risk averse approach by the Faculties and this variation in risk appetite is both positive and beneficial for the institution.

However, where the University seeks strategic advantage, initiative or change, it will be receptive to understanding and sharing internally the inherent risks if the anticipated benefit warrants, within limits, the risks described.

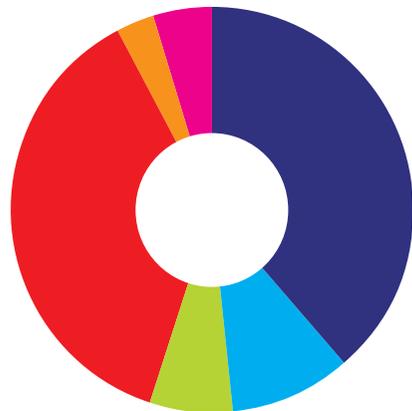
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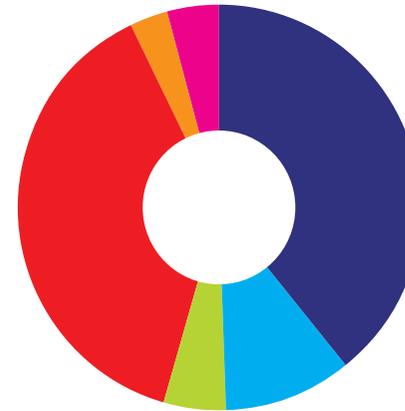
# Our students

## Our student population – applications



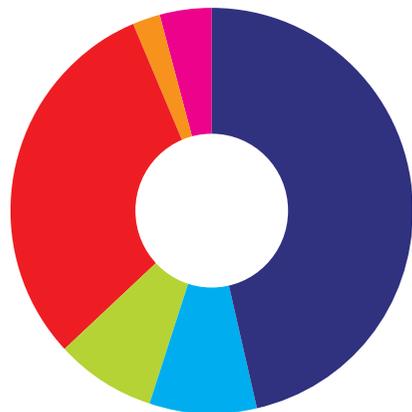
**1 August 2011 – 31 July 2012**

UG Home	25,272
UG Overseas	6,316
PGT Home	4,415
PGT Overseas	24,217
PGR Home	1,939
PGR Overseas	2,988
<b>Total applications</b>	<b>65,147</b>



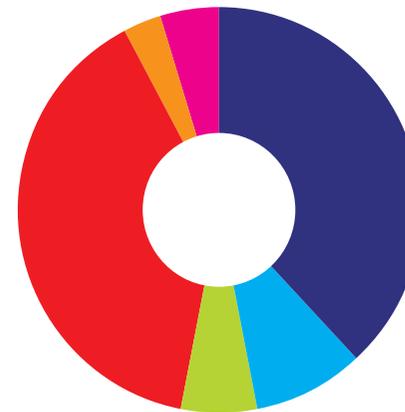
**1 August 2013 – 31 July 2014**

UG Home	30,206
UG Overseas	7,845
PGT Home	3,860
PGT Overseas	29,679
PGR Home	2,196
PGR Overseas	3,168
<b>Total applications</b>	<b>76,954</b>



**1 August 2012 – 31 July 2013**

UG Home	29,243
UG Overseas	7,363
PGT Home	3,923
PGT Overseas	25,967
PGR Home	1,757
PGR Overseas	3,196
<b>Total applications</b>	<b>71,449</b>



**1 August 2014 – 31 July 2015**

UG Home	30,175
UG Overseas	7,051
PGT Home	4,862
PGT Overseas	30,955
PGR Home	2,525
PGR Overseas	3,560
<b>Total applications</b>	<b>79,128</b>

# Our students

## Student numbers 2014–2015

Full-time students							
Faculty	Undergraduate			Postgraduate			Total
	Home/EC	Overseas	Sub total	Home/EC	Overseas	Sub total	
Faculty of Arts and Humanities	2,342	35	2,377	326	186	512	2,889
Faculty of Engineering	2,159	1,283	3,442	410	1,014	1,424	4,866
Faculty of Medicine, Dentistry and Health	1,903	150	2,053	347	256	603	2,656
Faculty of Science	3,346	394	3,740	558	213	771	4,511
Faculty of Social Sciences	4,216	1,276	5,492	879	1,943	2,822	8,314
<b>Total</b>	<b>13,965</b>	<b>3,138</b>	<b>17,103</b>	<b>2,520</b>	<b>3,612</b>	<b>6,132</b>	<b>23,235</b>

Part-time students							
Faculty	Undergraduate			Postgraduate			Total
	Home/EC	Overseas	Sub total	Home/EC	Overseas	Sub total	
Faculty of Arts and Humanities	35	1	36	220	22	242	278
Faculty of Engineering	30	45	75	79	33	112	187
Faculty of Medicine, Dentistry and Health	229	27	256	610	47	657	913
Faculty of Science	61	14	75	82	4	86	161
Faculty of Social Sciences	69	32	101	480	55	535	636
Department for Lifelong Learning	240	4	244				244
<b>Total</b>	<b>663</b>	<b>122</b>	<b>785</b>	<b>1,471</b>	<b>161</b>	<b>1,632</b>	<b>2,417</b>

Additional students	
Modern Languages students abroad	160
Students on optional year outs	176
Erasmus and Year Abroad students	308
<b>Total</b>	<b>644</b>

First degree award classifications						
Faculty	1	2.1	2.2	3	Pass	Total
Faculty of Arts and Humanities	169	498	50	2	3	722
Faculty of Engineering	234	353	158	22	25	792
Faculty of Medicine, Dentistry and Health	52	86	34	3	318	493
Faculty of Science	273	557	139	27	10	1006
Faculty of Social Sciences	268	980	331	20	110	1709
Board of Extra Faculty Provision	8	12	4		0	24
<b>Grand total</b>	<b>1004</b>	<b>2486</b>	<b>716</b>	<b>74</b>	<b>466</b>	<b>4746</b>
	<b>21%</b>	<b>52%</b>	<b>15%</b>	<b>2%</b>	<b>10%</b>	

Certificates and Diploma awards			
Faculty	Diploma	Cert	Total
Faculty of Medicine, Dentistry and Health	20	23	43
Faculty of Science		29	29
Faculty of Social Sciences	3		3
Board of Extra Faculty Provision	28	4	32
<b>Grand total</b>	<b>51</b>	<b>56</b>	<b>107</b>

Number of taught postgraduate degrees awarded	
Award	Total
PhD	674
Other Doctorates	106
Masters	3,586
Diplomas	300
<b>Grand total</b>	<b>4,666</b>

### International students

We have continued to develop our groundbreaking #weareinternational campaign to highlight the cultural and economic importance of international students and to emphasise the warm welcome that the University and city wishes to give to all of our international students.

Many of our international students enter the University through the University of Sheffield International College (USIC), which welcomed its first cohort of students under the new management of Study Group and in new purpose-built facilities.

During the year, we have focused a considerable amount of attention on the University's relationship with China. The Vice-Chancellor has taken a leading role in interactions at a governmental level – meeting President Xi Jinping in both China and the UK. The University's web pages have been developed to include more China-related content in both English and Mandarin, which we hope will prove popular with Chinese audiences. We have also been developing a number of strategic relationships with Chinese universities. This includes a partnership with Nanjing Tech University that will support the recruitment of high quality students into the Faculty of Science.

### Students' Union

The Students' Union was voted best in the UK for the fourth year running in the National Student Survey 2015 and for the seventh year running in the Times Higher Education Student Experience Survey 2015. 95 per cent of students in our annual membership survey agreed with the statement "I feel the Students' Union provides relevant, efficient and good value services".

This year, we ran initiatives to encourage less-represented student groups to apply for leadership positions. We saw improvements in the diversity of elected representatives. Almost 50 per cent of the Student Council are from a BME background, and next year's Officer Team is made up of six women and two men, four of whom are from a BME background.

Our first Education Conference in May 2015 focused on new and innovative approaches to education as well as skills-building sessions on how to make changes to learning and teaching in Higher Education.

We introduced the 'Virtual Cultural Exchange' where University of Sheffield students had video conversations with students from the Islamic University of Gaza, sharing experiences and learning from each other.

### Advice and welfare

The Student Advice Centre continues to offer specialist advice and guidance to students from across the University. This includes support for students facing academic, housing, money and immigration issues. When required, the centre also provides legal advocacy and follow-up work.

During 2014–15 advisers opened 2,995 new cases, advised 102 different nationalities and gained £602,746 for students.

Other welfare services provided by the Students' Union include: childcare, a safe taxi scheme and a women's minibus. They also have representative committees that support all student groups.

### Activities and sports

There were 51 new societies in 2014–15. This brought the number of student groups to 334, our highest total ever. The Activities and Sports Zone team provides advice, support and training to the over 2,500 students holding leadership positions on society committees. They ensure all activities are run safely, democratically and inclusively.

### The student voice

We work to ensure students have a strong voice in the Students' Union, University and wider community. 7,075 votes were counted in the 2014–15 Students' Union Officer elections. Our eight student-elected officers are trustees and represent students across a range of University governance and planning bodies.

We support students to run effective campaigns on issues they care about. The Students' Union's campaigning activity helped the #weareinternational campaign – which was created jointly with the University – to become the first ever winner of Times Higher Education's International Strategy award in 2014.

The Students' Union also helps students to start petitions, or submit ideas to forums and the Students' Union Council. This can lead to referenda for Students' Union policy and student-led change in the University.

### Entertainment and events

Our Students' Union offers a wide variety of arts, cultural and entertainment events, including partnerships with local initiatives such as the Off The Shelf Festival of Words and Tramlines music festival. We also run a successful staff-led programme of high quality and diverse events for students.

In 2014–15 we supported 123 student-led events. This included a Unicef poverty banquet, International Cultural Evening, Nature Network's launch weekend and the LGBT Committee's Trans\*Map launch.

### Student satisfaction

The University achieved an overall satisfaction rate of 90 per cent in the National Student Survey 2015. This was above the sector average of 86 per cent. The score put the University joint top in the Yorkshire and Humber region and joint third in the Russell Group.

The University was rated highest nationally for satisfaction in five subjects: Archaeology (100 per cent), Bioengineering (100 per cent), Drama (100 per cent), Landscape Design (100 per cent) and Microbiology (100 per cent).

Our outstanding library services and IT resources were also recognised with high satisfaction scores of 91 per cent and 89 per cent respectively.

The University's response rate to the National Student Survey increased by three per cent with 75 per cent of eligible students taking the time to share their thoughts about the institution.

### Student experience

The Times Higher Education Student Experience Survey 2015 rated our student experience as the third best in the country.

As well as coming joint first in the community atmosphere and social life categories, we were also judged to be the best for accommodation and our Students' Union. The University was also ranked joint second for support and welfare.

More than 14,000 students from universities across the country took part in the survey, which assesses 21 different attributes of their institutions, including teaching, extracurricular activities and facilities.

*The University achieved an overall satisfaction rate of 90 per cent in the National Student Survey 2015.*



# Rankings

We are a world top-100 university according to the QS and Times Higher Education World University Rankings 2015–16.

World, European and UK rankings	Position
QS World University Rankings 2015–16	80th
Times Higher Education World University Rankings 2015–16	15th (in the UK)
Times Higher Education World University Rankings 2015–16	97th (in the world)
Times Higher Education Student Experience Survey 2015	3rd
The Times and Sunday Times Good University Guide 2016	21st



A WORLD  
**TOP 100**  
 UNIVERSITY



## Giving something back: our civic-minded students

**Student recycling initiative exceeds all expectations with a 139 per cent increase in donations.**

When Sheffield students see an opportunity to help others, they act on it. And they don't do things by halves. Now in its third year, the citywide student recycling initiative has delighted its partners the British Heart Foundation (BHF) with a 139 per cent increase in donations on 2014.

### **A citywide issue**

Every year, over 60,000 students across Sheffield move out of their accommodation. All at the same time. As you can imagine – as you may have seen – this generates a lot of waste. It's a big challenge for the city's waste management team and it can put a strain on the universities' relationships with local communities.

### **An ambitious initiative**

The recycling initiative, a collaboration between the two universities, their students' unions, the council and the BHF, is making things better. It also helps reduce landfill and raises thousands of pounds for local and national charities.

### **The surprising (and inspiring) results**

In 2014–15, students donated 3,309 bags of re-usable and recyclable items, from books and clothing to DVDs and toasters. For the BHF, this means an estimated £69,034. The money helps to fund vital research and provides much-needed support for children born with life-threatening conditions, and for adult survivors of heart attacks.

In environmental terms, the bags equate to 39.4 tonnes of CO<sub>2</sub> diverted from landfill.

Challenged to find a solution to a waste management problem, our students responded with all the energy and invention of seasoned social entrepreneurs. And their success is inspiring others. In September 2015, 20 alumni, staff and friends followed our students' example and partnered with the BHF to walk the full length of the Pennine Way – 285 miles – raising over £62,000 for research.

# Festival of the Mind: part of the cultural conversation

**A new report gauges the full impact of our distinctive public engagement strategy. The results are extraordinary.**

## The vision

Sheffield is one of the great civic universities. A dialogue between city and university, sharing ideas for the greater good, has always been part of the vision. But who could have predicted, even five years ago, that we would one day see a Sheffield academic deliver a lecture on nanophysics – on the top deck of a city bus? Or that public demand for this kind of event would be so strong?

## The initiative

The Public Engagement and Impact Team is led by Professor Vanessa Toulmin, Director of City and Cultural Engagement. Since Professor Toulmin assembled her team in 2012, our public engagement activities have grown so much they've become central to academic life and part of the city's social and cultural landscape. So what's the secret? What are we doing now that we weren't doing before?

A report delivered by the team in 2015 suggests that what makes our public engagement distinctive is the academic-led, collaborative approach exemplified by Festival of the Mind.

## The results

The 11-day festival, which showcases collaborations between academics and the city's creative and cultural industries, attracted 27,182 visitors in 2014. Media coverage promoted our research all over the world. Ninety-nine per cent of academics who took part say they enjoyed it. Eighty-four per cent of those surveyed agreed or strongly agreed that the experience taught them new skills.

By sharing their organisational expertise with academic departments, the team has supported the development of several other large-scale events, including the Life festival of medicine, dentistry and health, and the ESRC festival of social sciences. The total number of visitors to University events since 2012 is 60,468.

## The future

The team has worked with 498 academic and 245 professional services colleagues to support public engagement through training, help with grant applications and bespoke advice. But they haven't lost sight of the fact that this is a dialogue: they're also rolling out training sessions to the public, empowering people to develop their own projects.

In 2016 Festival of the Mind will take centre stage when the University and Sheffield Culture Consortium celebrate Sheffield as a City of Makers. Meanwhile, the creative community and the wider public have taken the festival to their hearts. Its return in 2016 is eagerly anticipated, partly because no one knows quite what to expect.





## Cleaning up the environment is good for business

**Research from our Groundwater Protection and Restoration Group (GPRG) changes the way countries deal with polluted sites. And the economic benefits are significant.**

A GPRG research programme is examining the natural processes that reduce concentrations of pollutants. Their findings have already helped the Environment Agency change the way it deals with areas of polluted land and water. Those changes have saved the UK millions of pounds.

Natural processes help government agencies and private companies avoid expensive clean-up operations. One operation saved £1 million a year between 2009 and 2013. The knowledge transfer group CL:AIRE (Contaminated Land: Applications in Real Environments) estimates that natural attenuation has been adopted on 120 sites since 2008, saving at least £100 million.

The new approach is going global. CONCAWE, the oil companies' European association for environment, health and safety, estimates that natural attenuation solutions saved hundreds of millions of Euros across the continent between 2008 and 2012. The GPRG team, led by professors Steve Banwart and David Lerner, have delivered training courses in the UK, Europe and China.

### NATURAL ATTENUATION EXPLAINED

1. Natural attenuation describes the biological, chemical and physical processes that combine to reduce concentrations of pollutants in ground-water plumes.
2. By examining these processes, the group were able to develop models to define and quantify them.
3. Those models enabled the development of tools that can analyse a contaminated site and predict the levels of natural attenuation.
4. These predictions reduce risk and help avoid expensive clean-up operations.



# Driving change for fairer access to postgraduate study.

**Pilot project demonstrates urgent need to widen participation. And delivers some strong recommendations for government.**

## The goal

Postgraduate study enriches people's lives and enhances their earning potential. It can and should give people from all backgrounds access to the professions. This will make our society fairer and our economy stronger. It's clear that universities and government must take decisive action on widening access to postgraduate education. So we're leading by example.

## The initiative

We led a consortium of six English Russell Group universities to pilot a Postgraduate Support Scheme project, partly funded by the Higher Education Funding Council for England (HEFCE). Our project partners are the universities of Leeds, Manchester, Newcastle, Warwick and York.

With a total budget of £5.3 million, we created the biggest postgraduate scholarship fund England has ever seen. We also delivered a research project looking at ways to improve access to funding for students from widening participation (WP) backgrounds.

Our findings helped us create a postgraduate course development toolkit for universities, urging them to think creatively about how courses are designed and taught. The toolkit also encourages innovation in specific areas such as making engagement with industry part of the curriculum.

## The outcome

Our findings led us to make four key recommendations, which we presented to MPs and peers in parliament in October 2015:

1. If the age limit of 30 for the proposed postgraduate loans remains, this should be waived for widening participation applicants whose circumstances have prevented earlier progression.
2. If access to state backed income-contingent loans is extended to postgraduates, loans should be available to returners who meet widening participation criteria, not just to graduates who paid the £9k p.a. fees.
3. Targeted scholarships should be available alongside or instead of loans for applicants who meet WP criteria, have existing undergraduate debt, and don't have access to personal or family capital to support their studies.
4. The postgraduate support offer for WP applicants should be clear, simple and accessible to encourage progression.

There is huge demand for this kind of support. We received 1,725 applications, all from eligible candidates, for 350 scholarships. In view of the demand, we awarded 416.

Talented, ambitious people come from all walks of life. But for too many of them, money is still a barrier to postgraduate education. We're proud to say we're doing something about that.



*Students who were awarded a scholarship to study at the University through the Postgraduate Support Scheme*

# Our University at a glance

## Officers and the Council

### Officers of the University Session 2014–15

The Chancellor

**Sir Peter Middleton**

The Pro Chancellors

**Mr A P Pedder OBE** (Chair of Council)

**Mrs S H Harkness**

The Treasurer

**Mr D E Young CBE**

The Vice-Chancellor

**Professor Sir Keith Burnett CBE, FRS**

The Deputy Vice-Chancellor

**Professor P E White** (until April 2015)

The Cross Cutting Pro-Vice-Chancellors

**Professor R A L Jones,**

*Research and Innovation*

**Professor A M Peat,**

*Learning and Teaching*

The Faculty Pro-Vice-Chancellors

**Professor J Labbe,** Arts and Humanities

**Professor M J Hounslow,** Engineering

**Professor A P Weetman,** Medicine,

Dentistry and Health

**Professor A J Ryan,** Science

**Professor G Valentine,** Social Sciences

University Secretary

**Dr A West** (from July 2015)

### The Council of the University Session 2014–15

Ex-officio members

The Pro Chancellors

The Treasurer

The Vice-Chancellor

One Pro-Vice-Chancellor

**Professor P E White** (until April 2015)

Persons appointed by the Council

**Mr A Belton**

**Dr S F Eden**

**Mrs S H Harkness**

**Mr J G Kelly**

**Ms A M Legg**

**Mr R Mayson**

**Mr R B Wrigley**

One Faculty Pro-Vice-Chancellor

appointed annually by the Vice-Chancellor

**Professor M J Hounslow**

Three members of the Senate elected

by the Senate

**Professor N Phillips**

**Mr R Sykes**

**Professor M T Vincent**

The President of the Union of Students

**Miss Y Shafritz**

One person who is not a member of the  
academic or academic-related staff

**Mr A D Kerr**

Interim Secretary to the Council

**Dr A West** (from September 2014)

Secretary to the Council

**Dr A West** (from July 2015)

## Faculties and Departments

### Arts and Humanities

Archaeology

English

French

Germanic Studies

Hispanic Studies

History

Languages and Cultures

Music

Philosophy

Religion, Theology and the Bible

Russian and Slavonic Studies

### Engineering

Aerospace Engineering

Automatic Control and Systems Engineering

Bioengineering

Chemical and Biological Engineering

Civil and Structural Engineering

Computer Science

Electronic and Electrical Engineering

Materials Science and Engineering

Mechanical Engineering

### Medicine, Dentistry and Health

Cardiovascular Science

Clinical Dentistry

Health and Related Research (SchARR)

Human Communication Sciences

Human Metabolism

Infection and Immunity

The Medical School

Neuroscience

Nursing and Midwifery

Oncology

### Science

Animal and Plant Sciences

Biomedical Science

Chemistry

Mathematics and Statistics

Molecular Biology and Biotechnology

Physics and Astronomy

Psychology

### Social Sciences

Architecture

East Asian Studies

Economics

Education

Geography

Information School

Journalism Studies

Landscape

Law

Management School

Politics

Sheffield Methods Institute

Sociological Studies

Urban Studies and Planning

### International Faculty – City College, Thessaloniki

Business Administration and Economics

Computer Science

English Studies

Executive Education Centre

Psychology

### Department for Lifelong Learning

# Financial Statements 2014–2015.



# Corporate governance

The following statement is given to assist readers of the Financial Statements to obtain an understanding of the Governance and legal structure of the University of Sheffield. The University is an independent corporation whose legal status derives from a Royal Charter granted in 1905. It is an educational charity, with exempt status, regulated by the Higher Education Funding Council for England (HEFCE) in its capacity as Principal Regulator. The University's objectives, powers and governance framework are set out in its Charter and supporting Statutes. The University's Charter requires the existence of the following two bodies whose main functions are detailed below.

## The Senate

The Senate is the academic authority of the University, whose role is to direct and regulate the teaching and research work of the University on behalf of the Council. Chaired by the Vice-Chancellor, its membership is drawn mainly from the academic staff of the University and also includes student representatives.

## The Council

The University's Council is the governing body of the University and its board of Trustees, responsible for the strategic development and overall achievement of the University's mission. Subject to the powers of the Senate, it has ultimate responsibility for all areas of operation. The Council's membership is set out in full on page 40 and comprises lay and academic persons, including student representatives, appointed under the Statutes of the University, the majority of whom are non-executive. The role of the Chair of the Council is separate from that of the University's Chief Executive, the Vice-Chancellor. The performance of the Vice-Chancellor is monitored through the

provisions of Section 6 of the Statutes and Regulation VI: 5 and through the existence and application of the Staff Review and Development Scheme, carried out by the Chair of the Council. The appointment of the Secretary to the Council with appropriate separation in the lines of accountability is through the provisions of Regulation VI: 7.

The matters specially reserved to the Council for decision are set out in the Statutes of the University, by custom and under the Memorandum of Assurance and Accountability between the Higher Education Funding Council for England and institutions. The Council holds to itself the responsibilities for the ongoing strategic direction of the University, approval of major developments and the receipt of regular reports from Executive Officers on the day-to-day operations of its business and its subsidiary companies. Council delegates its powers to other bodies and individuals as appropriate and in accordance with the Scheme of Delegation set out in Regulation III.

- In addition to Nominations Committee, Health and Safety Committee and the Board of the Advanced Manufacturing Institute, which are formally constituted committees of the Council, much of the work of the Council is carried out through the following principal committees:
- The Finance Committee is the body responsible for advising the Council on all matters relating to the finances of the University. The Committee recommends to the Council the University's Financial Statements for approval, annual revenue and capital budgets, monitors performance in relation to the approved budgets and monitors the execution of financial policies adopted by the Council.

- The Estates Committee acts as an expert Advisory Panel to the Council on estates matters in support of the Council's responsibility for the stewardship and development of the University estate and specifically to monitor the implementation of the University's Estate Strategy. The Committee reviews and appraises capital schemes to ensure effective and efficient procurement and scrutinises strategic development of the estate in terms of acquisitions and disposals. The Committee considers the implications of changing legislation, planning and governance requirements and monitors statistics required by HEFCE.
- The Audit Committee is constituted in line with guidance issued by HEFCE and the Committee of University Chairs and comprises both lay members of the University Council and external co-optees with special expertise. Whilst senior executives attend meetings of the Audit Committee, they are not members of it. Both the External and Internal Auditors have independent access to the Committee, and vice versa. The Audit Committee is responsible for making recommendations to the governing body on the appointment of both the Internal and External Auditors to the University. The Committee meets with the External Auditors to discuss their audit findings, and to review and approve the audit aspects of the annual financial statements; and it provides the governing body with its own opinions as required by the HEFCE Audit Code of Practice. It also approves and influences the annual audit plan prepared by the University's Internal Auditors, and considers completed audit reports; these deal with recommendations for the improvement of the University's systems of internal control. The Committee also reviews management responses

to audit reports and monitors implementation of recommendations. The Committee also receives and considers reports from HEFCE as they affect the University's business and monitors adherence to the regulatory requirements..

- The Human Resources Committee is responsible for making recommendations to the Council for new or revised Human Resources policies to support overall strategic Human Resources objectives. The Human Resources Committee also approves procedures and receives and considers reports from the Director of Human Resources, including Annual Reports of meetings with Campus Unions.
- Senior Remuneration Committee is responsible for overseeing the appointments of executive and other senior members of staff, balancing the needs of the University in a competitive environment with the appropriate use of funds. The Committee has recently revised its terms of reference to take account of the CUC Higher Education Code of Governance.
- Equality and Diversity Board develops strategy, monitors equality and diversity matters in the University, evaluates actions and progress and provides support and guidance in relation to the University's equality and diversity policies and action plans.

#### Full Statement of internal control

1. As the governing body of the University of Sheffield, the Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible,

in accordance with the responsibilities assigned to the governing body in the Charter and Statutes and the Memorandum of Assurance and Accountability with HEFCE.

2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
3. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31st July 2015 and up to the date of approval of the annual report and financial statements and accords with HEFCE guidance. The process is regularly reviewed by the Council and accords with the relevant Financial Reporting Council guidance. The University has formally applied the CUC (Committee of University Chairs) Higher Education Code of Governance which is principally committed to identifying the key values and practices on which the effective governance of UK HEI is based. The University manages risks through a Corporate Risk Register, which is reviewed regularly throughout the year and is considered by Council and Audit Committee. There are also Faculty and Professional Services Risk Registers, and Departmental Risk Registers for both academic and professional service departments. The Risk Review Group (a sub-group of the University Executive Board) oversees these different levels of risk. The University's risk management policy is reviewed annually by the Risk Review Group and by Council.

4. The following processes have been established:
  - a. The performance, plans and strategic direction of the institution are specifically considered at one of the regular meetings of the Council every year.
  - b. The Council undertakes an annual assessment for the purpose of making its public statement on internal controls. This assessment considers issues dealt with in the periodic reports received.
  - c. The Council receives periodic reports from the Chair of the Audit Committee concerning internal control and risk management, including in relation to University subsidiary companies.
  - d. The Council has delegated its responsibility for overseeing the management of strategic risks to the Risk Review Group, which is a sub-group of the University Executive Board.
  - e. The Audit Committee receives regular reports from Internal Audit, which include Internal Audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement. The Audit Committee may also request additional reports to gain assurance from other parties on areas of concern. A Data Assurance Group exists to support Audit Committee in its evaluation of the management and quality assurance of data.
  - f. A risk prioritisation methodology based on risk ranking has been established.
  - g. An organisation-wide risk register is maintained for corporate level risks.

- h. A reporting structure has been implemented whereby high-level strategic opportunities and risks are overseen by the Risk Review Group and reported to the Audit Committee and Council. The University Executive Board receives reports on the action taken on all corporate level risks, along with suggestions for additions to and deletions from the risk register.
  - i. The University has established a basket of Performance Indicators (PIs), which can be benchmarked against other publicly available data sources, and which is regularly reviewed by the Council.
  - j. Council has approved a Framework for decision making relating to ethical and reputational matters and the Research Ethics Committee of Senate provides assurance over ethical matters associated with research activities. A new Development Executive Sub-Group will provide assurance over the controls and due diligence around significant externally focused development and fundraising activities to supplement the periodic updates that the Council receives.
  - k. Under the previous CUC Governance Code of Practice five yearly effectiveness reviews of the Council were undertaken. These involved obtaining advice from external experts and included a self-evaluation of the Council's effectiveness and that of its Committees. The last review was considered at the November 2010 Council meeting. Pursuant to the appointment of a new University Secretary in July 2015 the University has agreed to undertake a review of Council effectiveness during 2015-16, applying the requirement for four yearly effectiveness reviews in the new CUC Code thereafter. Annual reviews based on feedback from Council members are also undertaken.
  - l. The responsibility of Council to maintain and protect the principle of academic freedom is enshrined in the University Charter and appropriate references will be made during the induction of new members of Council.
  - m. Sub-Groups of the Senate Learning and Teaching Committee oversee the totality of the University's collaborative provision, reporting major developments or significant institutional risks through to Council as appropriate.
  - n. The University's discharging of its corporate and social responsibility is overseen by the Public Value Sub-Group of the University Executive Board, which reports annually to Council.
  - o. The University keeps under regular review the policies, procedures and powers delegated by the Council to other bodies and individuals, including the Vice-Chancellor.
  - p. The Secretary to Council is responsible for ensuring that the University's constitution is followed at all times, taking advice where appropriate.
- 5. The institution has contracted its internal audit function to an external provider, which operates to standards defined in the HEFCE Audit Code of Practice and whose work is subject to review for effectiveness by the HEFCE Audit Service. The provider's supervising partner for the assignment functions as the institution's Head of Internal Audit. The internal auditors submit regular reports, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement.
  - 6. Our review of the effectiveness of the system of internal control is informed by the work of Internal Audit and by the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

# Independent auditor's report to the Council of the University of Sheffield

We have audited the group and University financial statements (the "financial statements") of University of Sheffield for the year ended 31 July 2015 which comprise Consolidated Income and Expenditure Account, the Group and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Group Total Recognised Gains and Losses, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Council, in accordance with the Charters and Statutes of the institution. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the Council and auditor

As explained more fully in the Statement of Responsibilities of the Council set out on page 47 the Council is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education; and

- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2014–15 financial statements*.

## Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2014–15 financial statements* have been met.



Clare Partridge  
For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
1 Sovereign Square  
Sovereign Street  
Leeds, LS1 4DA

27 November 2015

# Responsibilities of the Council of the University of Sheffield

In accordance with the University's Statutes, the Council of the University of Sheffield is responsible for the strategic development and overall performance of the University of Sheffield and is required to present audited financial statements for each financial year.

The Council is required to ensure that the financial statements are prepared in accordance with the University's Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education (2007) and other relevant accounting standards. In addition, within the terms and conditions of an Assurance and Accountability Memorandum agreed between the Higher Education Funding Council for England and the Council of the University of Sheffield, the Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs at the balance sheet date of the University of Sheffield and of the surplus or deficit and cash flows for that year.

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University of Sheffield will continue in operation. The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England and the Training and Development Agency for Schools are used only for the purposes for which they have been given, and in accordance with the Assurance and Accountability Memorandum with the Funding Council and the Funding Agreement with the Training and Development Agency for Schools and any other conditions which the Funding Council or the Training and Development Agency for Schools may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud;
- secure the economical, efficient and effective management of the University of Sheffield's resources and expenditure.

# Statement of principal accounting policies

## 1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2007) and in accordance with applicable accounting standards. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

## 2. Basis of consolidation

The consolidated financial statements include the University and all its U.K. subsidiaries for the financial year to 31 July 2015. The results of subsidiaries 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. Intra-group transactions are eliminated on consolidation.

In accordance with FRS2, the consolidated financial statements do not include those of the Students' Union because the University does not control those activities.

## 3. Joint venture entities and associates

The University's share of income and expenditure in joint venture entities is recognised in the University's income and expenditure account in accordance with FRS 9. Similarly the University's share of assets and liabilities in associate entities is recognised in the University's balance sheet in accordance with FRS 9.

The gross equity method is used when consolidating joint venture entities and associate entities are consolidated using the equity method in accordance with FRS 9.

## 4. Intra-group transactions

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated. Balances between the University and its associates and joint ventures are not eliminated; unsettled normal trading transactions are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity; the part relating to the University's share is eliminated.

## 5. Income recognition

Funding council block grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount or fee waiver, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the University are recognised in the statement of total recognised gains

and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the statement of total recognised gains and losses.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

All other income is credited to the income and expenditure account in the period in which it is earned.

#### 6. Agency arrangements

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

#### 7. Leases and hire purchase contracts

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Finance leases, which substantially transfer all the benefits and risks of ownership of an asset to the University, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

#### 8. Taxation

The University is an exempt charity within the meaning of schedule 2 of the Charities Act 1993. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA) 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 University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### 9. Accounting for goodwill and intangible fixed assets

Goodwill arises on consolidation and is based on the difference between the fair value of the consideration given for the undertaking acquired and the fair value of its separable net assets at the date of acquisition. Goodwill is amortised over its estimated economic life. Where goodwill and intangible assets are regarded as having limited useful economic lives, they are amortised over those lives up to a maximum of 20 years. Impairment tests are carried out at the end of the first year and thereafter subject to normal periodic reviews for indications of impairment. Where there is impairment in the carrying value of goodwill, the loss is incurred in the results for the period.

Positive purchased goodwill is capitalised and classified as an asset on the balance sheet. Negative goodwill is separately disclosed on the face of the balance sheet in fixed assets and is released to the income and expenditure account.

#### 10. Land and Buildings

Land and buildings are stated at valuation. All valuations are carried out by parties external to the University. The basis of valuation is as follows: -

Specialised properties	depreciated replacement cost
Non-specialised properties	open market value on existing use basis
Residential accommodation – operational assets	open market value
Residential accommodation – non operational assets	open market value

A full valuation of the University's halls of residence and other residential properties was carried out on 31 July 2015 by Saxton Mee Commercial

A full valuation of the University's land upon which Catalyst Higher Education Sheffield PLC (Catalyst) has built the Student Village in accordance with the redevelopment of student residential provision, was carried out on 31 July 2015 by Saxton Mee Commercial.

An interim valuation of academic, office, ancillary and support buildings was carried out on 31st July 2014 by Gerald Eve, Chartered Surveyors.

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned. Fixtures and fittings costing more than £50,000 that are purchased specifically to bring a building into use are capitalised over the appropriate useful economic life. Assets are depreciated on a straight line basis.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated over their expected useful lives of up to a maximum of 50 years and leasehold land over the life of the lease up to a maximum of 50 years. Refurbishments are depreciated over their expected useful lives, up to a maximum of 20 years. Where material, a depreciable asset's anticipated useful economic life is reviewed annually and the accumulated and future depreciation adjusted in accordance with FRS 15.

Specialised short-life assets, for example synthetic sports pitches, are depreciated over their expected useful lives up to a maximum of seven years.

Where a tangible fixed asset comprises two or more major components with substantially different useful economic lives, and where the effect on depreciation is considered material, each component is accounted for separately and is depreciated over its individual useful economic life.

Depreciation is charged against individual assets as soon as their full, unrestricted use becomes available to the University. In the year of acquisition, the depreciation charged against the asset is in proportion to the part of the year the asset is available for use.

No depreciation is charged on assets in the course of construction.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the related asset on a basis consistent with the depreciation policy.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of a fixed asset may not be recoverable. Where assets funded by deferred capital grants are impaired, the related deferred capital grant is released to income.

A value is attributed to the benefit of assets which the University does not own and for which no annual or nominal rental is paid, and these are capitalised, with a corresponding credit to deferred capital grants, and thereafter depreciated over the period of use.

## 11. Equipment

Equipment, including computers and software, costing less than £20,000 per individual item is written off in the year of acquisition. All other equipment, including groups of equipment, is capitalised.

Capitalised equipment is stated at cost and depreciated over an expected useful life of a maximum of ten years, with the exception of equipment acquired for specific research projects, which is depreciated over an average project life of three years.

Depreciation is charged against individual assets as soon as their full, unrestricted use becomes available to the University. In the year of acquisition, the depreciation charged against the asset is in proportion to the part of the year the asset is available for use.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grant is treated as a grant received in advance and released to income over the expected useful life of the equipment.

Donated equipment is capitalised at its market value and depreciated over five years.

## 12. Assets held for resale

Tangible fixed assets surplus to requirements are held at the lower of cost and net realisable value.

## 13. Heritage assets

The University is in possession of a small number of artworks, a museum collection of glassware and a zoology collection. Many of these items have been donated to the University. The University conducted an independent valuation of heritage assets by Andrew Firth, Fine Art and Antiques Limited at 31 July 2008 which showed that the value of these items was not

material, and accordingly no heritage assets have been capitalised.

#### 14. Investments

Listed investments held as fixed assets or endowment assets are shown at market value.

Investments in subsidiary undertakings are shown at the lower of cost or net realisable value, and investments in associates are shown in the consolidated balance sheet at attributable share of net assets.

Current asset investments, which may include listed investments, are shown at the lower of cost and net realisable value.

Interests in land and buildings held for their investment potential are included in the balance sheet at their market value without charging depreciation.

#### 15. Stock

Stock is stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock.

#### 16. Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, government securities and loan stock held as part of the University's treasury management activities.

They exclude any such assets held as endowment asset investments.

#### 17. Foreign currency translations

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 at the rates of exchange ruling at the Balance Sheet date, with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

#### 18. Accounting for research and development

Expenditure on pure and applied research is treated as a part of the continuing activities of the University. Expenditure on development activities is carried forward and amortised over the period expected to benefit.

#### 19. Financial instruments

The University uses derivative financial instruments to reduce exposure to exchange rate movements. Such derivative financial instruments are not held for speculative purposes and relate to actual assets or liabilities or to probable commitments.

All hedging instruments undertaken in respect of interest rate and foreign currency exposure and any amounts receivable or payable on hedging contracts are accounted for on a consistent basis with the underlying assets or liabilities. Interest payable and receivable is accounted for on an accruals basis. Premiums or charges incurred in respect of the hedge instruments are deferred and amortised over the term of the instrument. In instances where the

derivative financial instrument ceases to be a hedge for an actual asset or liability, then it is marked to market and any resulting profit or loss recognised at that time.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously

#### 20. Maintenance of premises

The University has a rolling maintenance plan, which is reviewed on an annual basis. The cost of routine corrective maintenance is charged to the income and expenditure account as incurred.

#### 21. Accounting for charitable donations

##### Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

##### Endowment funds

Where charitable donations are to be retained for the benefit of the University as specified by the donors, these are accounted for as endowments. There are three main types:

1. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.

2. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income.
3. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

#### **Total return on investment for permanent endowments**

Total return is the whole of the investment return received by the University on the permanent endowment funds regardless of how it has arisen.

The total return, less any part of the return which has previously been applied for the purposes of the University, remains in the unapplied total return fund. This fund remains part of the permanent endowment until such time as a transfer is made to the income and expenditure account.

#### **Donations for fixed assets**

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

#### **Gifts in kind**

Gifts in kind are included in 'other income' or 'deferred capital grants' as appropriate using a reasonable estimate of their gross value or the amount actually realised.

## **22. Accounting for retirement benefits**

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 trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis 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 other principal pension scheme for the University's staff is the University of Sheffield Pension Scheme (USPS) a defined-benefit schemes which is externally funded but is not contracted out of the State Second Pension (S2P). The fund is valued every three years by professionally qualified independent actuaries. USPS pension costs are assessed on the latest actuarial valuations of the Scheme and are accounted for on the basis of FRS17. The USPS scheme assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit method. The post-retirement benefit surplus or deficit is included on the University's balance sheet, net of the related amount of deferred tax. Surpluses are only included to the extent that they are recoverable through reduced

contributions in the future or through refunds from the schemes. The current service cost and any past service costs are included in the profit and loss account within operating expenses and the expected return on the schemes' assets, net of the impact of the unwinding of the discount on scheme liabilities, is included within other finance income. Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised, net of the related deferred tax, in the statement of total recognised gains and losses.

A small number of staff remain in other pension schemes.

## **23. Provisions, contingent liabilities and contingent assets**

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow. Contingent assets are disclosed by way of a note, where there is a possible, rather than present, asset arising from a past event.

## Consolidated income and expenditure account

Year ended 31 July 2015			
	Note	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
<b>Income</b>			
Funding Council grants	1	90.4	99.2
Tuition fees and education contracts	2	253.3	219.1
Research grants and contracts	3	158.4	129.1
Other income	4	73.3	72.2
Endowment and investment income	5	2.4	1.7
<b>Total income</b>		<b>577.8</b>	521.3
Less: Share of income from joint ventures		(2.9)	(3.4)
<b>Net income</b>		<b>574.9</b>	517.9
<b>Expenditure</b>			
Staff costs	6	290.6	268.0
Other operating expenses	7	183.1	173.6
Depreciation and impairment of assets	12, 13	60.6	50.3
Interest payable	8	5.0	5.6
<b>Total expenditure</b>	9	<b>539.3</b>	497.5
Surplus after depreciation of assets at valuation and before tax		35.6	20.4
Share of operating profit in joint venture		–	–
Share of operating profit in associate		–	–
Loss on sale of investments		(0.2)	–
Profit on disposal of assets		0.3	0.4
<b>Surplus after depreciation of assets at valuation, disposal of assets and before tax</b>	11	<b>35.7</b>	20.8
Taxation	10	(3.1)	–
<b>Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax</b>		<b>32.6</b>	20.8
Minority interests		–	–
(Deficit)/surplus for the year transferred to accumulated income in endowment funds		(0.2)	0.1
<b>Surplus for the year retained within general reserves</b>		<b>32.4</b>	20.9

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

## Statement of group historical cost surpluses and deficits

Year ended 31 July 2015			
	Note	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Surplus on continuing operations before tax, minority interests and transfers to endowments		35.7	20.8
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	22	11.8	8.1
Realisation of property revaluation gains of previous years	22	0.5	2.6
<b>Historical cost surplus before tax, minority interests and transfers to endowments</b>		<b>48.0</b>	31.5
<b>Historical cost surplus after tax, minority interests and transfers to endowments</b>		<b>44.7</b>	31.6

## Statement of group total recognised gains and losses

Year ended 31 July 2015			
	Note	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets, tax and transfers to endowments		32.4	20.9
Unrealised surplus on revaluation of fixed assets	22	8.9	101.9
Appreciation in market value of endowment asset investments	21	0.8	0.5
Appreciation in market value of fixed asset investments	22	1.6	4.0
Endowment income retained for year	21	0.2	(0.1)
New endowments less realisations	21	0.2	0.9
Actuarial loss in respect of pension scheme	30	(15.7)	(3.7)
<b>Total recognised gains relating to the period</b>		<b>28.4</b>	124.4
<b>Reconciliation</b>			
Opening reserves and endowments		500.4	376.0
Total recognised gains for the year		28.4	124.4
<b>Closing reserves and endowments</b>		<b>528.8</b>	500.4

## Balance sheet as at 31 July 2015

	Note	As at 31 July 2015		As at 31 July 2014	
		Group £m	University £m	Group £m	University £m
<b>Fixed assets</b>					
Tangible assets	12	895.5	893.7	814.7	813.0
Investments	13	16.6	56.0	15.0	22.2
Investment in joint ventures					
Share of gross assets	13	1.0	–	1.5	–
Share of gross liabilities	13	(1.0)	–	(1.2)	–
Investment in associates	13	–	–	1.1	–
		<b>912.1</b>	<b>949.7</b>	831.1	835.2
<b>Endowment assets</b>	21	<b>39.0</b>	<b>39.0</b>	37.8	37.8
<b>Debtors: due after more than one year</b>	14	<b>14.4</b>	<b>58.1</b>	14.8	16.9
<b>Current assets</b>					
Stock		1.0	0.4	0.8	0.3
Asset intended for sale		1.6	1.6	1.6	1.6
Debtors	15	101.3	97.2	70.8	70.5
Investments		37.8	37.5	72.4	72.4
Cash at bank and in hand		18.3	15.0	29.6	20.4
		<b>160.0</b>	<b>151.7</b>	175.2	165.2
Creditors: amounts falling due within one year	16	(167.6)	(169.3)	(151.2)	(148.3)
<b>Net current assets</b>		<b>(7.6)</b>	<b>(17.6)</b>	24.0	16.9
<b>Total assets less current liabilities</b>		<b>957.9</b>	<b>1,029.2</b>	907.7	906.8
<b>Less creditors: amounts falling due after more than one year</b>	17	<b>(87.1)</b>	<b>(157.6)</b>	(79.6)	(79.6)
<b>Less: provisions for liabilities</b>	19	<b>(1.0)</b>	<b>(1.0)</b>	(0.6)	(0.6)
<b>Total net assets excluding pension liability</b>		<b>869.8</b>	<b>870.6</b>	827.5	826.6
<b>Net pension liability</b>	30	<b>(77.4)</b>	<b>(77.4)</b>	(68.4)	(68.4)
<b>Total net assets including pension liability</b>		<b>792.4</b>	<b>793.2</b>	759.1	758.2

	Note	As at 31 July 2015		As at 31 July 2014	
		Group £m	University £m	Group £m	University £m
<b>Deferred capital grants</b>	20	<b>263.7</b>	<b>263.7</b>	258.8	258.8
<b>Endowments</b>					
Expendable	21	8.3	8.3	8.1	8.1
Permanent	21	30.7	30.7	29.7	29.7
		<b>39.0</b>	<b>39.0</b>	37.8	37.8
<b>Reserves</b>					
Revaluation reserve	22	326.9	330.3	328.7	332.1
Pension reserve	24	(77.4)	(77.4)	(68.4)	(68.4)
General reserve	23	240.3	237.6	202.3	197.9
		<b>489.8</b>	<b>490.5</b>	462.6	461.6
<b>Minority interests</b>		<b>(0.1)</b>	–	(0.1)	–
<b>Total funds</b>		<b>792.4</b>	<b>793.2</b>	759.1	758.2

The financial statements on pages 48 to 72 were approved by the Council on 27 November 2015 and were signed on its behalf by:

**Mr. D. E. YOUNG CBE, Treasurer**

**Professor Sir K. BURNETT FRS, Vice-Chancellor**

**Mr. R. RABONE, Chief Financial Officer**

**The University of Sheffield**

## Consolidated cash flow statement

For the year ended 31 July 2015			
	Note	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Net cash inflow from operating activities	25	48.8	45.7
Returns on investments and servicing of finance	26	(2.7)	(3.2)
Taxation	10	(3.1)	–
Capital expenditure and financial investment	27	(96.4)	(48.9)
Management of liquid resources		34.7	14.3
Financing	28	7.4	(2.6)
<b>(Decrease)/increase in cash in the period</b>	29	<b>(11.3)</b>	5.3

### Note of movement in cash available on demand and short term deposits

	Movement in year £m	Movement in year £m
Decrease in short term deposits	(34.7)	(14.3)
(Decrease)/increase in cash at bank and call accounts	(11.3)	5.3
<b>Total decrease in cash and liquid resources</b>	<b>(46.0)</b>	<b>(9.0)</b>

## Reconciliation of net cash flow to movement in (debt)/funds

	Note	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
<b>(Decrease)/increase in cash for the year</b>		<b>(11.3)</b>	5.3
Decrease in short term deposits		(34.7)	(14.3)
(Increase)/decrease in debt		(7.4)	2.6
<b>Movement in net funds in the year</b>		<b>(53.4)</b>	(6.4)
Net funds at 1 August		25.0	31.4
<b>Net (debt)/funds at 31 July</b>	29	<b>(28.4)</b>	25.0

## Notes to the accounts

**Note 1 Funding council grants**

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Recurrent grant	75.1	85.2
Specific grants		
Higher Education Innovation Fund	3.2	3.1
Catalyst Funding	1.7	–
Other	1.7	1.7
Deferred capital grants released in year		
Buildings (Note 20)	8.7	9.2
	<b>90.4</b>	<b>99.2</b>

**Note 2 Tuition fees and education contracts**

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Home full-time undergraduate students	109.6	86.5
Home full-time postgraduate students	6.5	6.9
Home part-time students	3.1	3.1
Overseas students	105.9	94.5
NHS education contracts	6.8	6.7
Research training support grants and other fees	21.5	21.4
	<b>253.3</b>	<b>219.1</b>

**Note 3 Research grants and contracts**

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Research councils	42.6	39.3
UK-based charities	10.4	10.8
European Commission	19.1	20.4
Other grants and contracts	69.1	45.7
Release from deferred capital grants (Note 20)	17.2	12.9
	<b>158.4</b>	<b>129.1</b>

Research income for the year to 31 July 2015 includes £14.3 million income claimed under the Research Development Expenditure Credit Scheme (RDEC).

**Note 4 Other income**

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Residences, catering and conferences	21.7	19.5
Other services rendered	17.4	19.6
Health authorities	7.3	7.9
Releases from deferred capital grants (Note 20)	4.2	3.8
Other income	19.8	18.0
Income from joint ventures	2.9	3.4
	<b>73.3</b>	<b>72.2</b>

**Note 5 Endowment and investment income**

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Income from expendable endowments (Note 21)	0.2	0.1
Income from permanent endowments (Note 21)	1.1	0.9
Other investment income	0.9	0.7
Net return on pension scheme	0.2	–
	<b>2.4</b>	<b>1.7</b>

**Note 6 Staff**

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Staff costs:		
Wages and salaries	227.2	208.7
Social security costs	18.2	17.3
Occupational pension scheme costs (Note 30)		
Employer contributions	51.7	48.2
FRS17 adjustments	(6.5)	(6.2)
	<b>290.6</b>	<b>268.0</b>

	Year ended 31 July 2015 £'000	Year ended 31 July 2014 £'000
Emoluments of the Vice-Chancellor included above for the period 1 August 2014 to 31 July 2015		
Salary	381	374
Benefits in kind	4	4
	<b>385</b>	<b>378</b>
Employer pension contributions	–	–

Salary is the contractual salary before adjusting for salary sacrifice.

Information relating to the Vice-Chancellor's expenses claims paid in the financial year 2014–15 is available from the University's Freedom of Information Publication Scheme website.

	Year ended 31 July 2015 £'000	Year ended 31 July 2014 £'000
Compensation for loss of office payable to members of staff earning in excess of £100,000 per annum	–	80

Remuneration of other higher paid staff, excluding employer's pension contributions but including payments made on behalf of the NHS in respect of its contractual obligations to University staff under separate NHS contracts of employment, are shown below. The salary used to derive this information is before adjustment for salary sacrifice.

**Note 6 Staff (continued)**

	Year ended 31 July 2015 Number	Year ended 31 July 2014 Number
£100,000 – £109,999	25	15
£110,000 – £119,999	17	20
£120,000 – £129,999	15	16
£130,000 – £139,999	9	6
£140,000 – £149,999	8	11
£150,000 – £159,999	7	9
£160,000 – £169,999	7	5
£170,000 – £179,999	7	6
£180,000 – £189,999	3	3
£190,000 – £199,999	1	1
£200,000 – £209,999	–	1
£210,000 – £219,999	–	1
£220,000 – £229,999	1	–
£230,000 – £239,999	–	–
£240,000 – £249,999	–	–
£250,000 – £259,999	–	–
£260,000 – £269,999	1	1

	Full time equivalents	Full time equivalents
Staff Numbers		
Academic	2,475	2,296
Academic services	682	647
Central administration and services	610	559
Premises	443	457
Research, grants and contracts	1,579	1,505
Residences, catering and conferences	181	147
Staff and student facilities	159	165
	<b>6,129</b>	<b>5,776</b>

## Notes to the accounts

**Note 7 Other operating expenses**

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Consumables and laboratory expenditure	16.5	15.4
Books and periodicals	6.1	5.2
Printing, stationery and postage	3.9	4.1
Rates	1.2	1.7
Fellowships, scholarships, bursaries and prizes	30.5	27.3
Furniture and equipment	18.1	18.4
Heat, light, water and power	11.7	11.5
Repairs and general maintenance	13.1	15.4
Grants to University of Sheffield Students' Union	3.2	3.4
Rents	7.8	6.6
Auditors' remuneration	0.1	0.1
Auditors' remuneration in respect of non-audit services	0.1	0.1
Professional fees and bought in services	26.1	18.4
Provision for bad and doubtful debts	0.1	–
Administrative expenses	10.6	10.7
Travel and subsistence expenses	11.3	10.1
Payments to non-contracted staff	7.7	7.2
Conference and meeting expenditure	2.5	2.1
Professional subscriptions	1.7	1.6
Restructuring costs and redundancy payments	0.6	0.5
Student placement fees	2.0	1.9
Other expenses	8.2	11.9
	<b>183.1</b>	<b>173.6</b>

Auditors remuneration for the University of Sheffield was £67,224. (2014: £65,342)

Travel and subsistence expenses includes £6,835 paid to members of the University Council (2014: £5,524). No remuneration was paid to members of the University Council in relation to their membership of Council in the year (2014: £0)

The provision for bad and doubtful debts as at 31 July 2015 was £1,206,000 (2014: £1,071,000)

**Note 8 Interest payable and similar charges**

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Loans not wholly repayable within five years	5.0	4.8
Finance pension costs	–	0.8
	<b>5.0</b>	<b>5.6</b>

**Note 9 Analysis of 2014–2015 expenditure by activity**

	Staff costs £m	Operating expenses £m	Depreciation £m	Interest payable £m	Total £m
Academic departments	150.3	40.4	3.3	–	194.0
Academic services	23.7	16.4	1.8	–	41.9
Central administration and services	17.7	9.1	–	–	26.8
General educational expenditure	5.5	20.2	–	–	25.7
Staff and student facilities	6.4	5.9	0.8	–	13.1
Research grants and contracts	56.2	34.8	17.8	–	108.8
Residences, catering and conferences	4.2	13.7	2.4	–	20.3
Premises	10.8	25.4	33.0	5.0	74.2
Other expenses	15.8	17.2	1.5	–	34.5
	<b>290.6</b>	<b>183.1</b>	<b>60.6</b>	<b>5.0</b>	<b>539.3</b>

The depreciation charge has been funded by:

Deferred capital grants released (Note 20)	30.1
Revaluation reserve released (Note 22)	11.8
General income	18.7
	<b>60.6</b>

**Note 10 Taxation**

The University has a group corporation tax charge of £3.1m (2013–2014: £0m).

The deferred tax provided is £0m (2013–2014: £0m).

The University filed claims with HMRC for Research and Development Expenditure Credits for the years to 31 July 2013 and 2014 and will file a further claim for the year to 31 July 2015. The deemed tax charged on the refunds receivable for 2013 and 2014 of £1.3m and on the estimated refund for 2015 of £1.8m is recognised in the tax charge in the accounts.

No provision has been made for deferred taxation on the revaluation reserve relating to the potential profits in the University Group following the intragroup transfer of certain properties in the year to 31 July 2005.

Profits on sale of the properties will arise in Escafeld Estates Limited and will be paid in total to the University under a Deed Of Covenant, reducing profits chargeable to tax in Escafeld to nil. No tax liability is therefore expected to crystallise within the group.

**The full potential liability to tax if the Deed of Covenant were not in place is disclosed below.**

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
<b>Total</b>	<b>0.2</b>	0.2

**Note 11 Surplus on continuing operations for the period**

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
<b>The surplus on continuing operations for the period is made up as follows:</b>		
University's surplus for the period before profit or loss on disposal of fixed assets	37.2	21.6
Profit on disposal of fixed assets and investments	0.1	0.4
Consolidation of subsidiary companies	(1.6)	(1.2)
Group surplus for the period	35.7	20.9
Share of associates' and joint ventures' surplus/(deficit)	–	(0.1)
<b>Surplus on continuing operations before tax</b>	<b>35.7</b>	20.8

**Note 12 Tangible assets (Group)**

	Land and Buildings			Equipment	Total
	Freehold £m	Long leasehold £m	Assets in course of construction £m	£m	£m
<b>Valuation/Cost</b>					
At 1 August 2014					
Valuation	477.4	30.2	–	1.0	508.6
Cost	221.3	6.0	54.2	156.2	437.7
Additions at cost	25.5	–	91.9	14.2	131.6
Transfers at cost	9.1	–	(22.2)	13.1	–
Gain on revaluation	7.6	0.1	–	–	7.7
Loss on revaluation	(2.6)	–	–	–	(2.6)
<b>Disposals</b>					
Valuation	(0.2)	–	–	–	(0.2)
Cost	(0.1)	–	–	(0.5)	(0.6)
<b>At 31 July 2015</b>					
<b>Valuation</b>	<b>482.2</b>	<b>30.3</b>	<b>–</b>	<b>1.0</b>	<b>513.5</b>
<b>Cost</b>	<b>255.8</b>	<b>6.0</b>	<b>123.9</b>	<b>183.0</b>	<b>568.7</b>
<b>Depreciation</b>					
At 1 August 2014					
Charge for year	32.6	3.6	–	22.9	59.1
Impairment write down	0.3	–	–	–	0.3
Revaluation	(3.7)	(0.1)	–	–	(3.8)
Eliminated on disposals	–	–	–	(0.5)	(0.5)
<b>At 31 July 2015</b>	<b>46.6</b>	<b>4.4</b>	<b>–</b>	<b>135.7</b>	<b>186.7</b>
<b>Net book value</b>					
<b>At 31 July 2015</b>	<b>691.4</b>	<b>31.9</b>	<b>123.9</b>	<b>48.3</b>	<b>895.5</b>
<b>At 1 August 2014</b>	<b>681.3</b>	<b>35.3</b>	<b>54.2</b>	<b>43.9</b>	<b>814.7</b>

Residential land and buildings, and the residual interest in the student village land, were revalued as at 31 July 2015 by Saxton Mee Commercial, an independent chartered surveyor, in accordance with RICS valuation standards. The basis of valuation is detailed in the statement of principal accounting policies. The total valuation was £56.7 million, as compared to the historical cost net book value of those assets of £18.2 million.

## Notes to the accounts

Note 12 Tangible assets (University)					
	Land and Buildings			Equipment	Total
	Freehold £m	Long leasehold £m	Assets in course of construction £m	£m	£m
<b>Valuation/Cost</b>					
At 1 August 2014					
Valuation	469.7	30.1	–	1.0	500.8
Cost	227.7	6.0	54.2	155.4	443.3
Additions at cost	25.5	–	91.9	14.1	131.5
Transfers at cost	9.1	–	(22.2)	13.1	–
Gain on revaluation	7.4	0.1	–	–	7.5
Loss on revaluation	(2.6)	–	–	–	(2.6)
Disposals					
Valuation	(0.2)	–	–	–	(0.2)
Cost	(0.1)	–	–	(0.5)	(0.6)
<b>At 31 July 2015</b>					
<b>Valuation</b>	<b>474.3</b>	<b>30.2</b>	<b>–</b>	<b>1.0</b>	<b>505.5</b>
<b>Cost</b>	<b>262.2</b>	<b>6.0</b>	<b>123.9</b>	<b>182.1</b>	<b>574.2</b>
<b>Depreciation</b>					
At 1 August 2014					
	17.4	0.9	–	112.8	131.0
Charge for year	32.6	3.6	–	22.7	58.9
Impairment write down	0.3	–	–	–	0.3
Revaluation	(3.7)	(0.1)	–	–	(3.8)
Eliminated on disposals	–	–	–	(0.5)	(0.5)
<b>At 31 July 2015</b>	<b>46.6</b>	<b>4.4</b>	<b>–</b>	<b>135.0</b>	<b>186.0</b>
<b>Net book value</b>					
<b>At 31 July 2015</b>	<b>689.9</b>	<b>31.8</b>	<b>123.9</b>	<b>48.1</b>	<b>893.7</b>
<b>At 1 August 2014</b>	<b>680.0</b>	<b>35.2</b>	<b>54.2</b>	<b>43.6</b>	<b>813.0</b>

Residential land and buildings, and the residual interest in the student village land, were revalued as at 31 July 2015 by Saxton Mee Commercial, an independent chartered surveyor, in accordance with RICS valuation standards. The basis of valuation is detailed in the statement of principal accounting policies. The total valuation was £56.7million, as compared to the historical cost net book value of those assets of £18.2 million.

The University entered into an asset backed funding (ABF) arrangement for the University of Sheffield Pension Scheme, whereby some University buildings are subject to a lease and leaseback arrangement with a wholly-owned company created for this purpose. These buildings had an assessed value of £74.2 million for ABF purposes and are shown within freehold buildings.

Note 13 Fixed asset investments				
	As at 31 July 2015		As at 31 July 2014	
	Group £m	University £m	Group £m	University £m
Balance at 1 August	16.4	22.2	12.4	24.6
Additions	(0.3)	–	–	0.5
Disposals	–	(0.2)	–	(0.0)
Investment in ABF	–	32.4	–	–
Impairment of fixed asset investments	(1.1)	–	–	(11.6)
Appreciation of fixed asset investments	1.6	1.6	4.0	8.7
<b>Balance at 31 July</b>	<b>16.6</b>	<b>56.0</b>	<b>16.4</b>	<b>22.2</b>
<b>Represented by:</b>				
Fixed interest stocks	1.3	1.3	1.4	1.4
Unit Trusts/Property Trusts	0.3	0.3	–	–
Equities – Non Group Holdings	14.9	14.9	13.5	13.5
Equities – Group Holdings	0.1	39.0	1.5	6.5
Loan to investments	–	0.5	–	0.8
<b>Total fixed asset investments</b>	<b>16.6</b>	<b>56.0</b>	<b>16.4</b>	<b>22.2</b>
<b>Fixed interest and equities at cost and bank balances</b>	<b>2.4</b>	<b>8.3</b>	<b>2.4</b>	<b>8.2</b>

**Investments in joint ventures and associates**

The institution has shareholdings in joint ventures and associates as detailed in note 34. Associates are accounted for using the equity method. Joint ventures are accounted for using the gross equity method, such that the appropriate percentage of the companies' gross assets and liabilities are incorporated into the consolidated balance sheet of the University and the appropriate percentage of net income is reported in the University's consolidated income and expenditure account. The impact of the associates and joint ventures upon the consolidated accounts is not material.

**Note 14 Debtors: Amounts falling due after one year**

	As at 31 July 2015		As at 31 July 2014	
	Group £m	University £m	Group £m	University £m
Prepayment: capital contribution to Student Village	14.4	14.4	14.8	14.8
Prepayment: ABF Lease	–	41.7	–	–
Loans to group companies	–	2.0	–	2.1
	14.4	58.1	14.8	16.9

**Note 15 Debtors: Amounts falling due within one year**

	As at 31 July 2015		As at 31 July 2014	
	Group £m	University £m	Group £m	University £m
Debtors	56.7	51.9	51.2	48.4
Prepayment: capital contribution to residences project	0.5	0.5	0.5	0.5
Other prepayments and accrued income	44.1	44.8	19.1	21.6
	101.3	97.2	70.8	70.5

**Note 16 Creditors: Amounts falling due within one year**

	As at 31 July 2015		As at 31 July 2014	
	Group £m	University £m	Group £m	University £m
Bank loans and overdrafts	2.7	2.7	2.7	2.7
Obligations under finance leases	–	3.5	–	–
Payments received in advance	90.0	89.9	90.7	89.7
Creditors	41.5	39.7	34.5	32.7
Social security and other taxation payable	6.3	6.0	5.7	5.7
Accruals	27.1	27.5	17.6	17.5
	167.6	169.3	151.2	148.3

**Note 17 Creditors: Amounts falling due after more than one year**

	As at 31 July 2015		As at 31 July 2014	
	Group £m	University £m	Group £m	University £m
<b>Unsecured loans repayable:</b>				
Between one and two years	2.7	2.7	2.7	2.7
Between two and five years	18.0	18.0	8.0	8.0
In five years or more	65.8	65.8	68.5	68.5
Long term creditor	0.6	0.4	0.4	0.4
<b>Finance leases repayable:</b>				
Between one and two years	–	3.6	–	–
Between two and five years	–	11.0	–	–
In five years or more	–	56.1	–	–
	87.1	157.6	79.6	79.6

**Note 18 Borrowings: Summary of borrowing at 31 July 2015**

Institution	Date	Term	Type	Interest	Due within one year £m	Due in more than one year £m
Unifund Plc	31 May 2007	40 years bullet	Private placement	Fixed – 5.3300%	–	59.8
Scottish Widows	30 November 2007	15 years quarterly repayment	Term loan	Fixed – 5.460% Variable – 0.7472%	2.7	16.7
Natwest Plc	15 August 2014	3 years	Revolving Credit Facility	Variable	–	10.0
					2.7	86.5

Amounts due within one year are included within bank loans and overdrafts in Note 16.

Amounts due in more than one year are included in Note 17.

In August 2014 the University entered into a revolving credit facility for £75 million with Natwest Plc acting through its agent RBS Plc. At 31st July 2015 the capital sum drawn on the facility was £10 million.

## Notes to the accounts

**Note 19 Provisions for liabilities and charges (Group and University)**

	Retirement Costs £m	Other £m	Total £m
At 31 July 2014	0.4	0.2	<b>0.6</b>
Utilised in year	(0.2)	–	<b>(0.2)</b>
Transfer from income and expenditure account	–	0.6	<b>0.6</b>
<b>At 31 July 2015</b>	<b>0.2</b>	<b>0.8</b>	<b>1.0</b>

The provision for early retirement is the estimated liability that will arise from agreed early retirements under the University's restructuring arrangements.

Other provisions include potential liabilities in relation to contractual claims.

Other provisions also include the final disposal costs of sealed sources as defined by the High Activity Sealed So Regulations of 2005 (S12005 No. 2686). The current estimates for the provision are £1,500 for the disposal of a large Sr-90 source and £78,500 for the disposal of two IBL 437C irradiators.

These provisions will be renewed on a biennial basis.

**Note 20 Deferred capital grants (Group and University)**

	Funding Council £m	Other Grants & Benefactions £m	Total £m
Balance at 31 July 2014			
Buildings	111.4	103.2	<b>214.6</b>
Equipment	12.3	31.9	<b>44.2</b>
<b>Total</b>	<b>123.7</b>	<b>135.1</b>	<b>258.8</b>
Cash received			
Buildings	4.9	18.1	<b>23.0</b>
Equipment	–	12.0	<b>12.0</b>
<b>Total</b>	<b>4.9</b>	<b>30.1</b>	<b>35.0</b>
Released to income and expenditure			
Buildings (Notes 1, 3 and 4)	(8.7)	(4.3)	<b>(13.0)</b>
Equipment (Notes 1, 3 and 4)	(0.0)	(17.1)	<b>(17.1)</b>
<b>Total</b>	<b>(8.7)</b>	<b>(21.4)</b>	<b>(30.1)</b>
<b>At 31 July 2015</b>			
<b>Buildings</b>	<b>107.6</b>	<b>117.0</b>	<b>224.6</b>
<b>Equipment</b>	<b>12.3</b>	<b>26.8</b>	<b>39.1</b>
<b>Total</b>	<b>119.9</b>	<b>143.8</b>	<b>263.7</b>

**Note 21 Endowment funds and linked charities (Group and University)**

	Unrestricted Permanent £m	Restricted Permanent £m	Total Permanent £m	Restricted Expendable £m	Total Year Ended 31 July 2015 £m
<b>Balances at 31 July 2014</b>					
Capital	7.6	18.3	<b>25.9</b>	7.4	<b>33.3</b>
Accumulated income	–	3.8	<b>3.8</b>	0.7	<b>4.5</b>
	7.6	22.1	<b>29.7</b>	8.1	<b>37.8</b>
New endowments received	–	0.2	<b>0.2</b>	0.1	<b>0.3</b>
Investment income (Note 5)	0.3	0.8	<b>1.1</b>	0.2	<b>1.3</b>
Expenditure	(0.3)	(0.7)	<b>(1.0)</b>	(0.1)	<b>(1.1)</b>
Realisations	–	–	–	(0.1)	<b>(0.1)</b>
Increase in market value	0.2	0.5	<b>0.7</b>	0.1	<b>0.8</b>
<b>At 31 July 2015</b>	<b>7.8</b>	<b>22.9</b>	<b>30.7</b>	<b>8.3</b>	<b>39.0</b>
<b>Representing:</b>					
Fellowships and scholarship funds	–	13.8	<b>13.8</b>	1.9	<b>15.7</b>
Prize funds	–	1.6	<b>1.6</b>	0.7	<b>2.3</b>
Chairs and lectureship funds	–	4.0	<b>4.0</b>	0.1	<b>4.1</b>
Other funds	7.8	3.5	<b>11.3</b>	5.6	<b>16.9</b>
	7.8	22.9	<b>30.7</b>	8.3	<b>39.0</b>
<b>Represented by:</b>					
Capital	7.8	19	<b>26.8</b>	7.6	<b>34.4</b>
Accumulated income	–	3.9	<b>3.9</b>	0.7	<b>4.6</b>
	7.8	22.9	<b>30.7</b>	8.3	<b>39.0</b>
<b>The value of Endowment Asset Investments at 31 July 2015 was represented by:</b>					
Fixed interest stocks					<b>7.5</b>
Unit Trusts/Property Trusts					<b>1.6</b>
Equities					<b>25.1</b>
Bank balances					<b>4.8</b>
Total endowment assets					<b>39.0</b>

**Linked charities**

Included in the endowments (opposite) are a small number of linked (Paragraph (w)) charities.

	Brought Forward £m	Additions and Transfers £m	Change in Market Value £m	Income £m	Expenditure £m	Carried Forward £m
<b>Funds and charities with income over £100,000:</b> Yorkshire Cancer Research Endowment	4.6	–	0.1	0.1	(0.1)	<b>4.7</b>
<b>Funds and charities with income below £100,000:</b> Endowed funds (4) and non-endowed funds (1)	0.5	–	–	–	–	<b>0.5</b>

The main charitable purpose of the Yorkshire Cancer Research Endowment is the funding of cancer research.

The Funds and charities with income below £100,000 comprise two lecture funds, a prize fund, a fund to support scholarships and small projects, and a fund to support an Alumni association.

**Note 22 Revaluation reserve**

		As at 31 July 2015		As at 31 July 2014	
		Group £m	University £m	Group £m	University £m
Balance at 1 August	– Tangible assets	<b>319.5</b>	<b>318.5</b>	228.3	231.1
	– Investments	<b>9.2</b>	<b>13.6</b>	5.2	4.9
		<b>328.7</b>	<b>332.1</b>	233.5	236.0
Revaluation in year	– Tangible assets	<b>8.9</b>	<b>8.7</b>	101.9	101.9
	– Investments	<b>1.6</b>	<b>1.6</b>	4.0	8.7
Released to income and expenditure account on sale of tangible asset		<b>(0.5)</b>	<b>(0.3)</b>	(2.6)	(6.5)
Contribution to depreciation		<b>(11.8)</b>	<b>(11.8)</b>	(8.1)	(8.0)
Balance at 31 July	– Tangible assets	<b>316.1</b>	<b>315.1</b>	319.5	318.5
	– Investments	<b>10.8</b>	<b>15.2</b>	9.2	13.6
		<b>326.9</b>	<b>330.3</b>	328.7	332.1

## Notes to the accounts

**Note 23 General reserve**

	As at 31 July 2015		As at 31 July 2014	
	Group £m	University £m	Group £m	University £m
Balance at 1 August	202.3	197.9	176.1	167.0
Surplus after depreciation of assets	32.4	34.3	20.9	21.8
Release from revaluation reserve	12.3	12.1	10.7	14.5
	<b>247.0</b>	<b>244.3</b>	207.7	203.3
Pension surplus transferred to pension reserve	(6.7)	(6.7)	(5.4)	(5.4)
<b>Balance at 31 July</b>	<b>240.3</b>	<b>237.6</b>	202.3	197.9

**Note 24 Pension reserve**

	As at 31 July 2015		As at 31 July 2014	
	Group £m	University £m	Group £m	University £m
Balance at 1 August	(68.4)	(68.4)	(70.2)	(70.2)
Actuarial loss in respect of pension scheme	(15.7)	(15.7)	(3.6)	(3.6)
Pension surplus retained in reserve	6.7	6.7	5.4	5.4
<b>Balance at 31 July</b>	<b>(77.4)</b>	<b>(77.4)</b>	(68.4)	(68.4)

**Note 25 Reconciliation of consolidated operating surplus to net cash inflow from operating activities**

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Surplus for the year before taxation	35.5	20.9
Depreciation and impairments	60.5	50.3
Fixed asset investment other net gains	0.3	–
Gain on disposal of assets	0.1	0.3
Deferred capital grants released to income (Note 20)	(30.1)	(25.9)
Pension costs less contributions payable	(6.7)	(5.4)
Investment income	(2.4)	(1.7)
Interest payable	5.0	4.8
Increase in stocks	(0.2)	(0.4)
Increase in debtors	(30.1)	(15.9)
Increase in creditors	16.4	19.5
Increase/(decrease) in provisions	0.4	(0.8)
<b>Net cash inflow from operating activities</b>	<b>48.8</b>	45.7

**Note 26 Returns on investments and servicing of finance**

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Income from endowments	1.2	1.0
Income from short-term investments	1.1	0.6
Interest paid	(5.0)	(4.8)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(2.7)</b>	(3.2)

**Note 27 Capital expenditure and financial investment**

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Tangible assets acquired	(131.7)	(89.9)
Endowment asset investments acquired	(0.3)	(0.9)
<b>Total fixed and endowment asset investments acquired</b>	<b>(132.0)</b>	<b>(90.8)</b>
Fixed asset investments acquired	–	(0.1)
Receipts from sales of fixed assets	0.4	4.9
Deferred capital grants received	35.0	36.3
Utilisation of endowment fund balances	(0.1)	(0.1)
Endowments received	0.3	0.9
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(96.4)</b>	<b>(48.9)</b>

**Note 28 Analysis of changes in financing during the year**

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Balance at 1 August	81.8	84.5
New leases/loans	10.1	–
Capital repayments	(2.7)	(2.7)
<b>Balance at 31 July</b>	<b>89.2</b>	<b>81.8</b>

**Note 29 Analysis of changes in net funds**

	At 1 August 2014 £m	Cash Flows £m	At 31 July 2015 £m
Cash at bank and in hand			
Endowment assets	4.9	(0.1)	4.8
Other	28.8	(10.8)	18.0
Deposits repayable on demand	0.8	(0.4)	0.4
<b>Total cash at bank and in hand</b>	<b>34.5</b>	<b>(11.3)</b>	<b>23.2</b>
Short-term deposits	72.4	(34.7)	37.7
Debt due within one year	(2.7)	–	(2.7)
Debt due after one year	(79.2)	(7.4)	(86.6)
<b>Total net funds/(debt)</b>	<b>25.0</b>	<b>(53.4)</b>	<b>(28.4)</b>

## Notes to the accounts

### Note 30 Pension schemes

Different categories of staff have in the past been eligible to join one of four different schemes:

- Universities' Superannuation Scheme (USS)
- University of Sheffield Pension Scheme (USPS)
- Federated Superannuation System for Universities (FSSU)
- National Health Service Pension Scheme (NHSPS).

The two main schemes, being USS and USPS, are both defined-benefit schemes. The USS scheme is contracted out of the State Second Pension (S2P). The assets of both schemes are held in separate trustee-administered funds.

The other two schemes are firstly the Federated Superannuation System for Universities (FSSU), a money purchase scheme contracted into the State Second Pension (S2P), which covered a small number of academic staff who elected not to transfer to USS when the new scheme was established in 1975. Contributions to this scheme have ceased. Secondly, the National Health Service Pension Scheme (NHSPS), a defined-benefit scheme contracted out of the State Second Pension (S2P), which was restricted to a number of clinical staff who, when transferring from the Health Service to the University, opted to remain in the Health Service Scheme. Both schemes are administered nationally and their assets are held independently of the University.

The total pension cost to the University was:

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
USS	40.6	37.4
USPS employer contributions	9.7	9.3
USPS FRS 17 adjustments	(6.5)	(6.2)
NHSPS	1.4	1.5
	<b>45.2</b>	<b>42.0</b>

### Note 30 Pension schemes (continued)

#### (i) The Universities' Superannuation Scheme (USS)

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.

The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees. In 2015, the percentage was 16% (2014: 16%). The University 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 FRS17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the Income and Expenditure account is £40.6 million (2014: £37.4 million) as shown in notes 5 and 30. There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The 2014 valuation has recently been finalised and the audit process is in progress. Therefore the latest available audited triennial actuarial valuation of the scheme was at 31 March 2011 ("the valuation date"), which was carried out using the projected unit method. The 2014 valuation indicates that employer contributions will increase to 18% from 1 April 2016.

The 2011 valuation was the second valuation for the USS under the scheme-specific funding regime introduced by the Pensions Act 2004 which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

At the valuation date, the value of the assets of the scheme was £32.4 billion and the value of the schemes' technical provisions £35.3 billion indicating a shortfall of £2.9 billion. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced using the following assumptions:

	2015	2014
Discount rate	3.30%	4.50%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.40%
Price inflation (CPI)	2.20%	2.60%

**Note 30 Pension schemes (continued)**

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigations (CMI) SINA tables as follows:

Male members mortality	SINA ("light") YoB tables – no age rating
Female members mortality	SINA ("light") YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS 17 figures, for the march 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 ( years )	24.2	23.7
Females currently aged 65 ( years )	26.3	25.6
Males currently aged 45 ( years )	26.2	25.5
Females currently aged 65 ( years )	28.6	27.6
Existing benefits	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 Liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

**FRS 17 (Retirement Benefits)**

Disclosure is not required under Financial Reporting Standard 17 for the Universities Superannuation Scheme or the NHS Pension Scheme, because although they are defined benefit schemes it is not possible to identify surpluses and deficits by individual employer. These schemes are accordingly accounted for as if they were defined contribution schemes, which are exempt from FRS 17 disclosure requirements.

Under the definitions set out in FRS17, disclosure is required for the University of Sheffield Pension Scheme.

**Note 30 Pension schemes (continued)****(ii) The University of Sheffield Pension Scheme (USPS)****The University of Sheffield Pension Scheme and ex-gratia pension liabilities FRS17 disclosure information for accounting period ending 31 July 2015.**

The University operates a cash balance defined benefit pension scheme that non-academic employees of the University can participate in, called the University of Sheffield Pension Scheme (USPS). The scheme is externally funded but is no longer contracted out of the state second-tier of pension provision. Accrual up to 30 November 2011 was on a final salary basis and certain members retain a salary link.

The last formal actuarial valuation of the scheme was performed as at 1 April 2014 by a professionally qualified actuary.

During the year to 31 July 2015 the University paid contributions in accordance with the tiered contribution structure that had been effective from 1 December 2011.

The University also provides ex-gratia pension benefits to certain employees and former employees who previously did not join other pension arrangements. Ex-gratia benefits have now ceased accruing for all such employees. The University currently pays ex-gratia pensions of £434,000 pa. These liabilities are not separately funded.

**Assumptions**

The financial assumptions used to calculate scheme liabilities under FRS17 are:

	At 31 July 2015	At 31 July 2014
	%pa	%pa
Price Inflation (RPI)	3.12	3.16
Price Inflation (CPI)	2.12	2.16
Rate of increase in salaries	4.37	4.41
Rate of increase of pensions in payment for USPS members	2.12	2.16
Rate of increase of pensions in payment for ex-gratia pensioners*	3.12	3.16
Increases to deferred pensions before retirement	2.12	2.16
Discount rate	3.73	4.18

\* Ex-gratia pensions for non-academics are subject to fixed 3% pa increases. The assumption shown here is for the increases to ex-gratia pensions for academic members.

## Notes to the accounts

## Note 30 Pension schemes (continued)

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	Males		Females	
	Pensioner	Non-pensioner (currently aged 45)	Pensioner	Non-pensioner (currently aged 45)
At 31 July 2014	21.8	24.0	24.5	26.9
<b>At 31 July 2015</b>	<b>21.5</b>	<b>23.6</b>	<b>24.0</b>	<b>26.3</b>

## Scheme assets and expected rate of return for USPS

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes. The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

The assets in the scheme were:

	Fair value as at 31 July 2015 £m	Fair value as at 31 July 2014 £m	Fair value as at 31 July 2013 £m
Equities	109.8	92.4	91.1
Government bonds	2.3	1.0	6.1
Corporate bonds	13.1	29.0	27.2
Property	12.8	11.8	–
Cash	13.9	0.8	1.1
<b>Total</b>	<b>151.9</b>	<b>135.0</b>	<b>125.5</b>

	31 July 2015 % pa	31 July 2014 % pa	31 July 2013 % pa
The weighted average expected long-term rates of return were:	5.62	6.29	6.24

## Note 30 Pension schemes (continued)

The tables below include, where applicable, disclosures for the USPS and ex-gratia pensions combined to enable clear presentation. The ex-gratia pensions account for £5 million of the total liabilities of £229.3 million and £0 million of the total assets.

	Year to 31 July 2015 £m	Year to 31 July 2014 £m
<b>Analysis of the amount shown in the balance sheet for USPS and ex-gratia pensions:</b>		
Scheme assets	151.9	135.0
Scheme liabilities	(229.3)	(203.4)
<b>Deficit in the scheme – net pension liability</b>	<b>(77.4)</b>	<b>(68.4)</b>
<b>Analysis of the amount charged to staff costs within operating surplus for USPS:</b>		
Current service cost	3.1	3.0
Past service costs	–	–
<b>Total operating charge:</b>	<b>3.1</b>	<b>3.0</b>
<b>Analysis of the amount charged to interest payable/credited to other finance income for USPS and ex-gratia pensions</b>		
Interest cost	8.4	8.7
Expected return on assets	(8.6)	(7.9)
<b>(Net return to other finance income)/net charge to other finance costs</b>	<b>(0.2)</b>	<b>0.8</b>
<b>Total profit and loss charge before deduction for tax</b>	<b>2.9</b>	<b>3.8</b>
<b>Analysis of amounts recognised in STRGL for USPS and ex-gratia pensions:</b>		
(Gain)/loss on assets	(5.2)	1.1
Experience loss on liabilities	0.1	0.1
Loss on liabilities	20.8	2.5
<b>Total gain recognised in STRGL before deduction for tax</b>	<b>15.7</b>	<b>3.7</b>

## Note 30 Pension schemes (continued)

## History of experience gains and losses – USPS and ex-gratia pensions

	Year to 31 July 2015 £m	Year to 31 July 2014 £m	Year to 31 July 2013 £m	Year to 31 July 2012 £m	Year to 31 July 2011 £m
<b>Difference between actual and expected return on scheme assets:</b>					
Amount (£m)	(5.2)	1.1	(9.0)	11.1	(5.5)
% of assets at end of year	3%	1%	7%	10%	5%
<b>Experience gains on scheme liabilities:</b>					
Amount (£m)	1.4	(0.4)	(0.1)	(9.5)	–
% of liabilities at end of year	1%	–	–	6%	–

	At 31 July 2015 £m	At 31 July 2014 £m
<b>Cumulative actuarial loss recognised in the statement of total recognised gains and losses for USPS and ex-gratia pensions</b>		
Cumulative actuarial losses recognised at the start of the year	40.0	36.3
Cumulative actuarial losses recognised at the end of the year	55.6	40.0

	Year to 31 July 2015 £m	Year to 31 July 2014 £m
<b>Analysis of movement in the present value of USPS and ex-gratia liabilities</b>		
<b>Present value of USPS and ex-gratia liabilities at the start of the year</b>	203.4	195.7
Current service cost (net of member contributions)	3.1	3.0
Past service cost	–	–
Interest Cost	8.4	8.7
Actual member contributions (including notional contributions)	0.3	0.3
Actuarial loss	20.8	2.6
Actual benefit payments	(6.7)	(6.9)
<b>Present value of USPS and ex-gratia liabilities at the end of the year</b>	229.3	203.4

## Note 30 Pension schemes (continued)

	Year to 31 July 2015 £m	Year to 31 July 2014 £m
<b>Analysis of movement in the fair value of scheme assets</b>		
<b>Fair value of assets at the start of the year</b>	135.0	125.5
Expected return on assets	8.6	7.9
Actuarial gain/(loss) on assets	5.2	(1.1)
Actual contributions paid by University	9.2	8.8
Actual member contributions (including notional contributions)	0.3	0.3
Actual benefit payments	(6.4)	(6.4)
<b>Fair value of scheme assets at the end of the year</b>	151.9	135.0

USPS assets do not include any of the institution's own financial instruments, or any property occupied by the institution.

	31 July 2015 £m	31 July 2014 £m
<b>Actual return on scheme assets</b>		
Expected return on scheme assets	8.6	7.9
Asset gain/(loss)	5.2	(1.1)
<b>Actual return on scheme assets</b>	13.8	6.8

Estimated contributions for USPS in the Financial Year 2015–16 are £7.7 million.

## Notes to the accounts

### Note 31 Contingent liabilities and assets

A contingent liability exists in relation to the USS pension valuation recovery plan, since the University is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the University's expenditure is similarly not recognised.

### Note 32 Capital commitments

	At 31 July 2015 £m	At 31 July 2014 £m
Commitments contracted for	24.9	57.2
Authorised but not contracted for	54.0	45.5
	78.9	102.7

### Note 33 Financial commitments

	At 31 July 2015 £m	At 31 July 2014 £m
Operating lease commitments in respect of buildings and equipment for the 2014–2015 financial year, on leases expiring:		
Within one year	0.1	0.2
Between two and five years	2.0	1.5
Over five years	0.2	0.4
	2.3	2.1

As part of the Student Residences Strategy the University entered into a project agreement during 2005–2006 with Catalyst Higher Education Sheffield PLC (Catalyst), to build 3,533 new bed spaces, deliver 401 refurbished bed spaces and take over 257 transferred bed spaces. The project cost £162 million and was partly financed by a bond issue by Catalyst of £155 million. This project does not form part of the University Balance Sheet. The ownership of the student residences have been transferred to Catalyst but under the terms of the land lease will revert to the University after 41 years.

### Note 34 University companies

Subsidiary companies	%	
AMRC Management Ltd	76.0	Advanced manufacturing research
Castings Technology International Ltd	100.0	Advanced casting manufacturing and research
epiGenesys Ltd	100.0	Custom software solutions and web applications
Escafeld Estates Ltd	100.0	Property disposal for student residences strategy
FaraPack Polymers Ltd	100.0	Innovative packaging solutions
In-tend Ltd	75.0	Procurement software
Risk2Value Ltd	75.0	Insurance Services
Sheffield Advisory Services Sdn Bhd	100.0	University Malaysian Office
SUEL Ltd	100.0	Business and management consultancy
The National Metals Technology Centre Ltd	*	Licensing of NAMTEC name to the University
Titanium Castings UK Limited	100.0	Titanium casting manufacturing
TUOS Parking Ltd	100.0	Car park services
UoS GP Ltd	100.0	Partner in asset-backed funding of University pension scheme
Uos LP Ltd	100.0	Partner in asset-backed funding of University pension scheme
Unicus Ltd	100.0	Hotel services

Associate Companies	%	
Blastech Ltd	24.9	Blast, impact and ballistic testing services
Conteque Ltd	24.9	Novel reinforcement systems for structural concrete
Enactus Sheffield Limited	*	Social enterprise company
Leonardo Testing Services Ltd	42.0	Testing services for research and development
High Value Manufacturing Catapult	28.6	Grants management
Knowledge Now Ltd	50.0	Semantic based solutions for knowledge sharing
Knowledge Flo Ltd	45.0	Holding company
Limit State Ltd	25.0	Computational limit analysis and software design

\* Limited by guarantee

#### The University also has an interest in the following joint venture companies:

Stem Learning Ltd (formerly Myscience.co Ltd)	25.0	Provision, maintenance and support of the teaching and learning of science
N8 Ltd	12.5	A partnership of research-intensive universities in the north of England
The Centre for Low Carbon Futures	20.0	Promotion of research into low carbon innovations
Worldwide Universities Network	5.3	Promotes research and distributes e-learning

Apart from Sheffield Advisory Services Ltd, which is incorporated in Malaysia, all companies are incorporated in Great Britain.

## Notes to the accounts

**Note 35 Hardship funds**

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Balance unspent at 1 August	–	–
Funding council grants	–	0.3
	–	0.3
Disbursed to students and administration expenses	–	(0.3)
<b>Balance unspent at 31 July</b>	<b>–</b>	<b>–</b>

Funding Council grants are available solely for students: the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

**Note 36 NCTL training bursaries**

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Balance unspent at 1 August	0.1	0.1
Grants received	–	1.3
	0.1	1.4
Disbursed to students	–	(1.3)
<b>Balance unspent at 31 July</b>	<b>0.1</b>	<b>0.1</b>

NCTL grants for ITT Bursaries are available solely for students: the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

**Note 37 Related party disclosure**

Due to the nature of the University's operations and the composition of its Council (being drawn from local public and private sector organisations) and senior management team, it is inevitable that transactions will take place with organisations in which a member of Council or the senior management team may have an interest. All transactions involving organisations in which a member of Council or the senior management team may have an interest, including those identified below, are conducted at arms length and in accordance with the University's financial regulations and usual procurement procedures. Transactions with wholly owned subsidiaries which have been consolidated in the Group accounts are not disclosed below, in accordance with the exemption given in FRS8 (Related Party Disclosures).

Related Party	Income £m	Expenditure £m	Balances at 31 July 2015 due to/(from) the University £m	
<b>University companies</b>				
Blastech Ltd	(0.1)	–	(0.1)	
Knowledge Now Ltd	(0.1)	0.1	–	
N8 Ltd	(0.2)	–	–	
Northern Consortium UK Ltd	–	0.3	–	
Risk2Value Ltd	(1.0)	–	–	
The Russell Group of Universities	–	0.1	–	
Worldwide Universities Network	–	0.1	–	
<b>Organisations and companies in which members of Council or senior management have an interest:</b>				
Rotherham NHS Foundation Trust	–	0.2	–	Ms A M Legg
Sheffield Forgemasters International Ltd	–	0.2	–	Mr A P Pedder OBE
Sheffield Teaching Hospitals NHS Foundation Trust	(13.1)	4.6	(2.4)	Mr A P Pedder OBE, Professor A P Weetman

## Notes to the accounts

### Note 38 The Council of the University

**The following were members of the Council of the University during the financial year:**

Mr A P Pedder OBE (Chair)

Mr A Belton

Professor D C van den Boom

Professor Sir K Burnett CBE, FRS

Dr S F Eden

Mrs S H Harkness

Professor M J Hounslow (Deputy: Professor G Valentine)

Mr J G Kelly

Mr A D Kerr (Deputy: Mr J Lepiorz)

Ms A M Legg

Mr R Mayson

Professor N Phillips

Ms Y Shafritz (Deputy: Mr J Wyse)

Mr R Sykes

Professor M T Vincent

Professor P E White (up to 30 April 2015)

Mr R B Wrigley

Mr D E Young CBE

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