



The  
University  
Of  
Sheffield.

# Annual Report & Financial Statements 2012–2013.



# Contents

<b>Vice-Chancellor's introduction</b>	<b>2</b>
<b>Chairman's foreword</b>	<b>6</b>
<b>Operating and financial review</b>	<b>8</b>
<b>Report of the Treasurer</b>	<b>8</b>
<b>Teaching and learning</b>	<b>18</b>
<b>Research and innovation</b>	<b>20</b>
<b>Achievements</b>	<b>21</b>
<b>The student experience</b>	<b>24</b>
<b>Engagement with the Sheffield city region</b>	<b>26</b>
<b>Strategic planning</b>	<b>28</b>
<b>Strategies</b>	<b>30</b>
<b>Our students</b>	<b>32</b>
<b>Rankings</b>	<b>38</b>
<b>Our University at a glance</b>	<b>40</b>
<b>Financial Statements 2012–2013</b>	<b>41</b>



Professor Sir Keith Burnett, Vice-Chancellor

## Vice-Chancellor's introduction

*It has been a great pleasure and honour to guide and work with such talented staff and students over the period covered by this report. And despite the undoubted challenges ahead, they give me the greatest reasons for confidence in our future.*

It is with very real pride in the achievements of the staff and students of this University, that I am writing the introduction to the Annual Report for the University of Sheffield for 2012–2013.

Even a casual observer of Higher Education in the UK will be aware of the many changes that have taken place over recent years. With a major reduction in public funding for Higher Education following the global financial downturn, came a controversial shift to significantly increased tuition fees for students and student loans. Alongside this, UK universities faced new policy controls on undergraduate student recruitment and admissions, greater challenges for academics to successfully gain funding for their research, and a wider political environment of tight controls on immigration – interpreted by international students, essential to the UK's world-leading universities, as a barrier to entry.

### Responding to change with our students

At such times, a University needs to draw deeply on its most important reserves: its commitment to the values which underpin teaching and research; and the skill and innovation of its most important assets, its staff and students.

I am proud to say that this was perhaps never more visible than in the period covered by this report. Certainly we had a strong base on which to build. In addition to being named the University of the Year in 2011, our University had drawn close to its students in considering how best to respond to the new environment of increased tuition fees for undergraduates. Our Project 2012, led by senior academic members of the University's Executive Board alongside officers of the Students' Union, asked fundamental questions about what students, schools and employers would need from a University in this new environment. We also thought carefully about the concerns of potential students, and how we should particularly reach out to the broadest range of able students – a hallmark of the University of Sheffield which prides itself on blending the highest educational standards of a world-leading university with a track-record of widening participation.

In what was one of the most thorough consultation exercises of any university in the UK, we planned together for the increase in tuition fees for students through an approach to recruitment, teaching and learning, assessment and feedback, and the support of global employability skills we call the 'Sheffield Graduate'.

The results I believe speak for themselves. Sheffield students continue to be deeply engaged in the development of their experience of the University and, despite the fundamental shifts in fee structure, we are proud that we continue to recruit truly outstanding students from all backgrounds. The results of our joint efforts are voiced, as they should be, by those who are most directly affected – our students. Sheffield's National Student Satisfaction (NSS) scores are outstanding in all faculties, but perhaps most telling of all, we were named the UK University most students would recommend to their friends.

However, it would be misleading to imply that we did not still feel deep concern at the trajectory of many of the changes taking place in Higher Education and the consequences these might have on our work and students. Of particular focus were the impact of undergraduate fees on postgraduates, and the signs that undergraduate student loans and the lack of funding for postgraduate students would have a profound impact on social mobility as access to professions such as law, medicine and teaching slipped out of the grasp of a whole sector of society.

Once again, this was an area of shared values between our University and Students' Union. Together, we lobbied the government to take seriously these concerns within the broader heading of access and participation.

I am delighted to say that these efforts in 2012–13 have most recently borne fruit with the news that the University of Sheffield led a consortium of six UK universities in a successful award of £3 million from the Higher Education Funding Council for England (HEFCE) to attract and support disadvantaged students into postgraduate education.

#### Leading the way for international students

Our other very real concern was for our international students. Those of us who work within the University of Sheffield are in no doubt as to the great importance of our global community made up of both committed academic staff and international students drawn from well over 100 countries. As a world-leading university, it is a nonsense to think that we could achieve even a small amount of what we do in teaching and research if this were not the case.

Yet in 2012 we increasingly witnessed the way that national political concerns about immigration impacted the perceptions of international students in the UK. This was a very real worry. Not only were talented potential overseas applicants in places such as India picking up messages that the UK may not be as welcoming to students as they had believed, but our UK government and media also heard misleading messages about international students. No wonder our own student community felt strongly about this negativity.

Once again, we drew strength from our values and our partnership with our students. At the end of 2012, we published a report commissioned from Oxford Economics outlining the tremendous net financial benefit international students brought to our own city region – some 10 per cent of inward investment, allied with a very real positive impact on the city's ability to innovate.

Together with Sheffield students and the Lord Mayor of Sheffield, we launched the report in the Houses of Parliament at an event hosted by our Sheffield MP, Paul Blomfield and the Conservative Member of the Business Innovation and Skills select committee, Nadhim Zahawi. The launch was attended by parliamentarians and politicians from all parties, as well as business leaders, and formed an important piece of evidence in the case for removing international students from any immigration cap – a view that has been important in ensuring the voice of universities and students is not forgotten in a sometimes very heated debate.

But we knew that this was not enough. Beyond simply an economic argument, we wanted to explain the positive case for our global community. For this reason, together with the President of the Students' Union, I founded the Sheffield Campaign for International Students. The focus of this work was the benefit to all students, home and overseas, of being part of an international community.

*The University of Sheffield led a consortium of six UK universities in a successful award of £3 million from the Higher Education Funding Council for England (HEFCE) to attract and support disadvantaged students into postgraduate education.*



*At the end of 2012, we published a report we had commissioned from Oxford Economics outlining the tremendous net financial benefit international students brought to our own city region – some 10 per cent of inward investment, allied with a very real positive impact on the city's ability to innovate.*

We asserted through films and other forms of communication that we would not be divided by negative perceptions, that we were all part of a community of scholarship which reached beyond national boundaries and were 'all international students'.

This message reached into new partnerships with the Government through the creation of films for potential students in India and China focusing on their aspirations to study overseas and how they should successfully navigate the visa process to enter the UK. Once again, I am deeply proud that the resulting campaign and shared materials, led by Sheffield in the interests of UK Higher Education, have been endorsed by over 60 universities in the UK, and a number of other bodies including the British Council, Universities UK, Russell Group, UK Council for International Student Affairs and the UK India Business Council.

### **Outstanding research that changes lives**

Yet while 2012 was a year in which we naturally focused on students, it was also a year of tremendous success for our academic research. Despite the most challenging environment for research funding which many of us can remember, the University of Sheffield's research income is stronger than ever, and this report and accompanying financial statements make clear the success of the endeavours of many.

Yet we have not simply been successful in grant applications. An increased focus on impact has drawn attention to one of Sheffield's true strengths – the desire to put knowledge to work in the interests of people and society.

The great impact of our work around the world was particularly visible on a 2012 visit we made to New Delhi, in which we saw that profound global relevance of world-leading research in Sheffield on food security and new forms of energy, on infectious disease resistance, new ways to deliver medical care at the interface between engineering and medicine, and how we might develop sustainable cities. Work back in Sheffield on *in silico* medicine at our new Insigneo Institute, which will bring the power of developments in computing to personalised medicine, clearly has huge implications for our own health service and those around the world.

Truly inspiring scholarship and deep collaborations with partners are a deep source of pride, and this report includes examples from across our faculties. By any measurement – from our submission to the Research Excellence Framework to our successes around doctoral training and long-term strategy – despite a sometimes turbulent Higher Education environment, members of academic staff have undertaken work which is rightly held in the highest regard around the world.

And perhaps there is nowhere that the fusion of local impact and global aspiration is more clearly visible than the University of Sheffield's Advanced Manufacturing Research Centre with Boeing – a partnership between industry and academia which has become a model for research centres worldwide. Over the past decade, the AMRC has grown from its early collaboration between Professor Keith Ridgway and local businessman Adrian Allen into a world-leading cluster of research centres, including rapid prototyping, composites, engineering design, specialist machining and drilling, robotics, 3D prototyping and knowledge transfer. The AMRC model was adopted by Rolls-Royce as a standard for its partnerships with universities and the AMRC has significant partnership activities in the US, Singapore, South Korea, Australia and is investigating a major collaborative project with Rolls-Royce in Brazil.

*The University of Sheffield's research income is stronger than ever, and this report and accompanying financial statements make clear the success of the endeavours of many.*

2012–13 saw the development of the new Nuclear AMRC to apply the same highly successful partnership model to the civil nuclear energy industry, led by the former CEO of Westinghouse, Mike Tynan.

Here once again we see values and knowledge put to work in inspiring ways. The spirit of true collaboration, of research applied close to production, and of the development of skills has transformed not only the derelict former Orgreave colliery site, but what is considered to be the best way for universities to engage with manufacturing to deliver economic growth. Heads of research councils, leaders of multinational organisations and politicians regularly tell me that what they see at the AMRC is 'spectacular' and they are 'blown away' by the ambition and impact of what is taking place.

But visitors to the AMRC are often most moved by the human aspiration. Alongside our work with full-time undergraduates around the introduction of fees, in 2012 the AMRC trialled a brand-new approach to Higher Education. Technical apprentices working with local companies and colleges would also need routes into fully-funded part-time undergraduate and even postgraduate degree courses. In 2013, we put in place the structures to make this possible, and this autumn we have seen the first cohort of almost 200 AMRC technical apprentices, the beginning of a new approach to blended skills and learning which will both support the region's economic aspirations and the hopes and ambitions of these wonderful young people.

As a University, I believe this is an approach of which our founders would be proud. In a period of very real challenge, we have lost none of our ingenuity, our academic quality or our aspiration for the people we exist to serve. It has been a great pleasure and honour to guide and work with such talented staff and students over the period covered by this report. And despite the undoubted challenges ahead, it gives me the greatest reasons for confidence in our future.

**Professor Sir Keith Burnett**

Vice-Chancellor

*2012–2013 saw the development of the new Nuclear AMRC to apply the same highly successful partnership model to the civil nuclear energy industry.*

## Chairman's foreword



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

The year 2012–13 was a momentous year for higher education in the UK. The continuing downturn in the global economy put new pressures on public funding from which universities were not immune. Changes in government policy and funding led to the introduction of higher levels of fees for UK undergraduates. Controls in the UK over student numbers meant that many leading universities faced restrictions on admissions which led to an unexpected decrease in student numbers.

Many in the sector approached 2012–13 with significant trepidation, and we in Sheffield shared concerns about the potential effect on students and families of a shift away from the public funding of undergraduate education to costs being borne by graduates through student loans.

However, careful planning and consultation with students and employers ahead of the introduction of higher fees ensured that the University of Sheffield was able to offer undergraduate students a programme which responded to the needs of our new and challenging environment. As a consequence, the University continued to recruit exceptional people from all backgrounds. We also retained our ability to reach out to talented individuals who might otherwise fear that a university education was inaccessible to them on grounds of cost.

Therefore, overall, against this challenging environment, I am delighted to say that 2012–13 proved to be a good year for our University.

Financially we had a solid year with an operating surplus of some £14.8 million against our turnover of £480 million. It is important for us to manage our affairs with financial prudence and ensure we generate surpluses, not least to enable us to continue to invest in our facilities for the benefit of our students and researchers.

In fact, the University estate developed and improved in vital ways through this period. In 2012, students of all kinds moved into much improved facilities, including a newly refurbished site for the Management School, which offered world-class accommodation in this important area of potential growth, and the University House and Union Building were brought together in an exceptional and attractive multi-purpose Students' Union building, reinforcing the Union's position as top in the UK for students.

Investment in our research and impact also continued in support of our ambitions as a leading global university. At the Advanced Manufacturing Park, the opening of the Nuclear Advanced Manufacturing Research Centre and the new Design, Prototype and Testing Centre continued our expansion of world-class facilities.

In 2012, the University showed its continued excellence in translational research. Our work in the Faculty of Engineering went from strength to strength, and the globally renowned Advanced Manufacturing Research Centre with Boeing continued to partner over one hundred high-value manufacturing companies, bringing growth and prosperity to the city region as well as helping the process of rebalancing the national economy.

In health, in 2012–13 the University showed itself to be an international leader whose work on ageing, cancer and conditions such as motor neurone disease and Alzheimer's is a source of hope for all those who suffer from these illnesses. Work with our city's excellent Hospital Trusts is bringing together clinicians, medical researchers, scientists and engineers as we tackle the pressing issues of infectious disease resistance and the application of digital technologies to the provision of medical care in the community.

The University also demonstrated its vision to provide high-tech solutions to production challenges, and to support the development of the skills required to power economic renewal. A pilot apprenticeship programme in advanced manufacturing which operated during the period of this report has now



borne fruit, and we are delighted that 175 apprentices are now working within the AMRC and with the University. These numbers are set to increase annually.

The work of the University continues in many other ways in our city. One example was our first ever Festival of the Mind, which took to the streets of Sheffield in 2012. 18,000 people attended 150 events in over 50 venues, showcasing new partnerships between University research and the external creative community in an approach to engagement which is nationally and internationally leading.

The attainment described in this report is very far from simply our own opinion. 2012–13 saw a very successful outcome of the Quality Assurance Agency's Institutional Review of the university – a process of independent evaluation which takes place every five years. A team of reviewers visited the University of Sheffield and judged that its academic standards, the quality and enhancement of its student learning opportunities, and the quality of its information about learning opportunities were all of a very high standard.

However, the independent assessors went further to note that the hard work of the University to build excellent working relationships – including those between Students' Union sabbatical officers and senior managers, and on the involvement of Student Ambassadors for Learning and Teaching in the University's processes for enhancing the quality of the student experience – were of some of the best practice to be found in the UK. In a year when students were asking fundamental questions about their relationship with universities, this vindication of our approach was extremely encouraging.

The legacy of innovation, hard work and talent which has led to Sheffield's skills and creativity being respected around the globe continues to thrive at the University of Sheffield. For the leadership that helped make this possible, on behalf of the whole University I would like to thank Kathryn Riddle OBE who was Chair of Council for the period of this report and for the past eight years. A graduate of the University of Sheffield, Kathryn's commitment to the value of education and to her university has been exceptional.

I would also like to congratulate our Vice-Chancellor Professor Sir Keith Burnett. During the period covered by this report, he was honoured by Her Majesty the Queen for his exceptional service to higher education and for his contribution to the nation as an eminent scientist. He has given the University very strong leadership at a challenging time.

It is vital that our university is not only well led but is also able to draw on the dedicated talent of outstanding staff. I am delighted to say that our staff across the University fit this description and on behalf of the University Council, I thank them all.

I look forward to us continuing to build on this great foundation over the years to come, and thank all those who have worked so hard to make our success possible.

**Tony Pedder OBE**

Chair of the University of Sheffield Council

*Financially we had a solid year with an operating surplus of some £14.8 million against our turnover of £480 million.*

# Report of the Treasurer

## Financial performance

Despite an unexpected fall in undergraduate recruitment I am delighted to report another excellent financial result for the University of Sheffield in 2012–13, with an operating surplus of £14.8 million. This achieves our current financial operating strategy target of the operating surplus being at least three per cent of total income. These results have placed us in a sound position to face the challenges ahead and remain resilient in turbulent times.

2012–13 has seen significant change in the Higher Education (HE) funding landscape. The £9,000 UK and EU undergraduate tuition fee was introduced and UK and EU student recruitment fell across the sector. HEFCE teaching grants and capital grants both continued to decline. The downturn in the UK and EU undergraduate market in 2012–13 has been partly offset for us by growth in overseas student numbers. Overall income has grown by 6.9 per cent whilst expenditure has grown by 8.7 per cent.

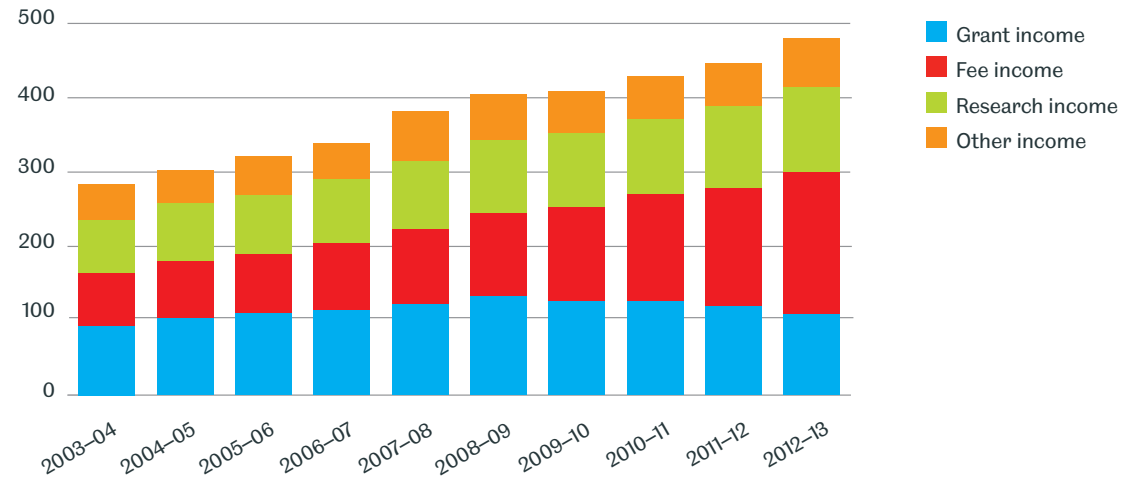
During recent years we have reported strong operating surpluses, ranging between three per cent and seven per cent of total income. This has contributed to our buoyant cash reserves, permitting us to continue to deliver an outstanding student experience and to invest in the capital infrastructure necessary to deliver our ambitions for the future.

Summary income and expenditure account		
	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
<b>Income</b>		
Grant income	107.5	119.3
Fee income	191.9	159.9
Research income	114.4	108.8
Other income	66.0	58.9
<b>Total income</b>	<b>479.8</b>	<b>446.9</b>
<b>Expenditure</b>		
Staff costs	247.5	231.3
Other operating expenditure	176.7	158.3
Depreciation	40.8	38.0
<b>Total expenditure</b>	<b>465.0</b>	<b>427.6</b>
<b>Operating surplus</b>		
Profit on investments and assets	–	0.3
Other items	(0.2)	0.3
<b>Surplus on continuing operations</b>		
Historical cost adjustments	10.0	8.5
<b>Historical cost surplus</b>		
	<b>24.6</b>	<b>28.4</b>
<b>Key Performance Indicators</b>		
Ratio of current assets to current liabilities	1.3	1.6
Net cash inflow from operating activities as a percentage of total income	8.8%	12.0%
Net funds as a percentage of total income	6.5%	12.5%
Operating surplus as a percentage of total income	3.1%	4.3%
Historical cost surplus as a percentage of total income	5.1%	6.4%
EBITDA as a percentage of total income	8.6%	9.9%

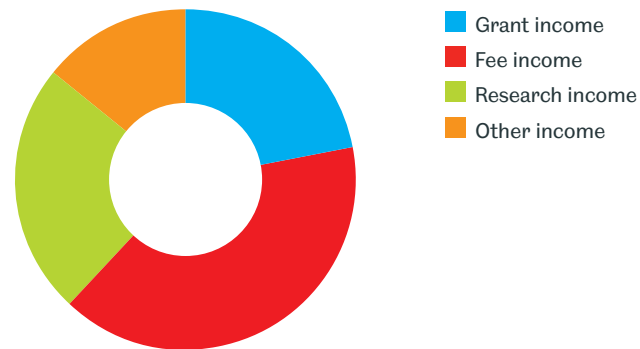
Over the last 10 years, income has grown by 69 per cent. However, recent years have seen a shift from grant income funding to fee income funding as the overseas student market has grown and, more recently, as the HEFCE teaching grant declines and UK and EU undergraduates pay higher fees of £9,000 a year.

Fee income is now the dominant income source for the University. This trend is forecast to be reinforced as future cohorts of UK and EU undergraduate students pay £9,000 and student numbers continue to grow.

**Total income (£m)**



**2012–13 total income**



*Over the last 10 years income has grown by 69 per cent.*

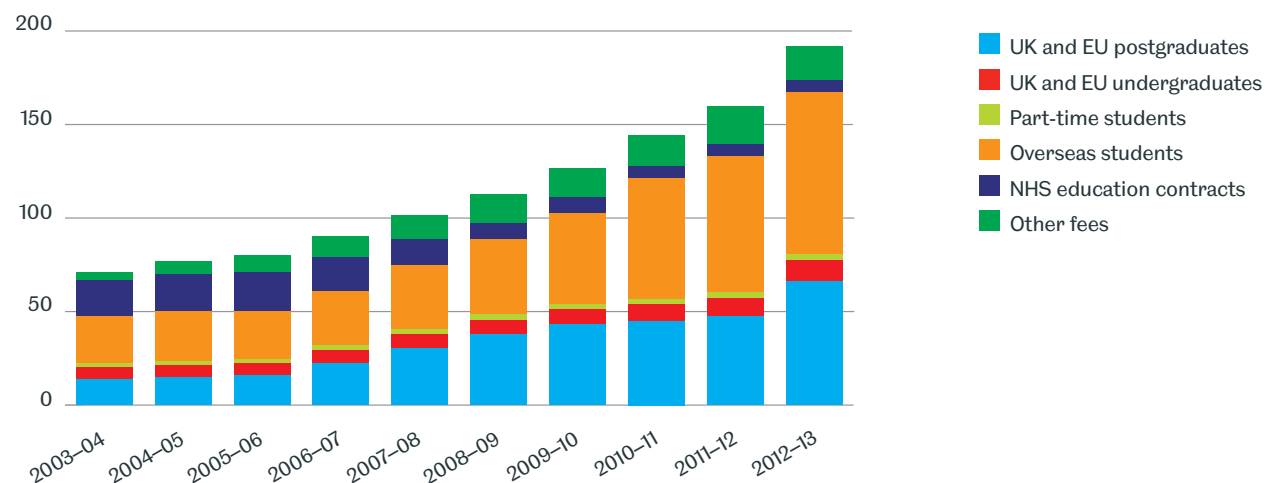
In recent years the overseas student market has become our largest source of fee income. In 2012–13 this market accounted for 44.9 per cent of fee income and 18 per cent of total income, mainly as a result of the new fees regime.

However, income from the UK and EU undergraduate market is growing in significance and is forecast to exceed overseas student fee income.

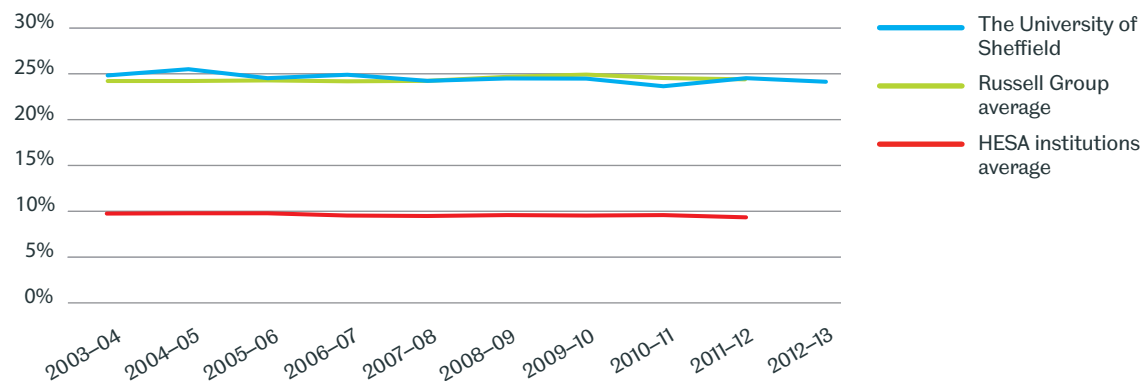
*In recent years, the overseas student market has become our largest source of fee income.*

Research income as a percentage of total income has hovered at around 25 per cent for the last 10 years, which is in line with the Russell Group average.

Fee income (£m)

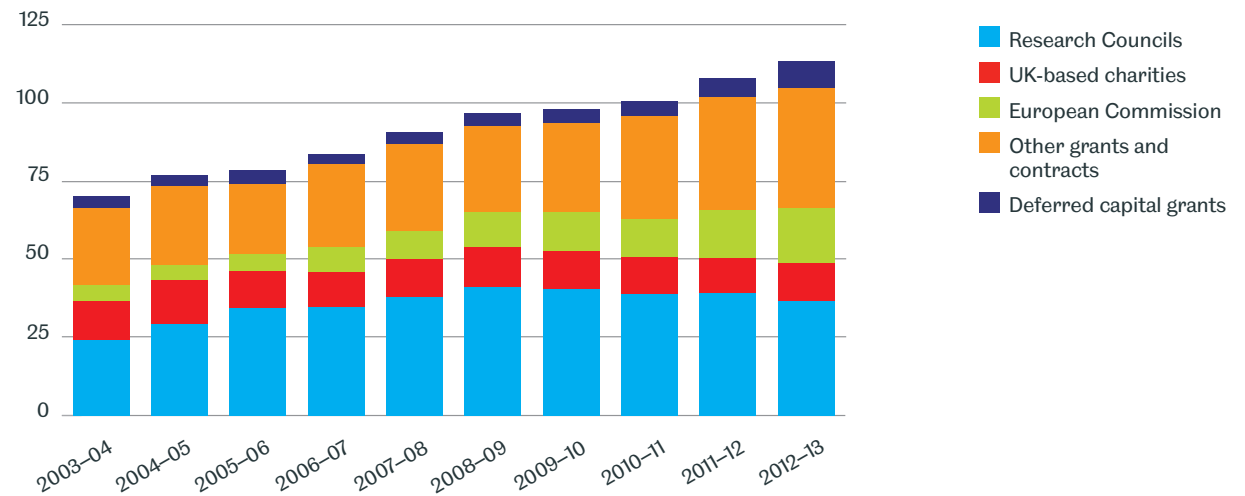


Total research income as a percentage of income



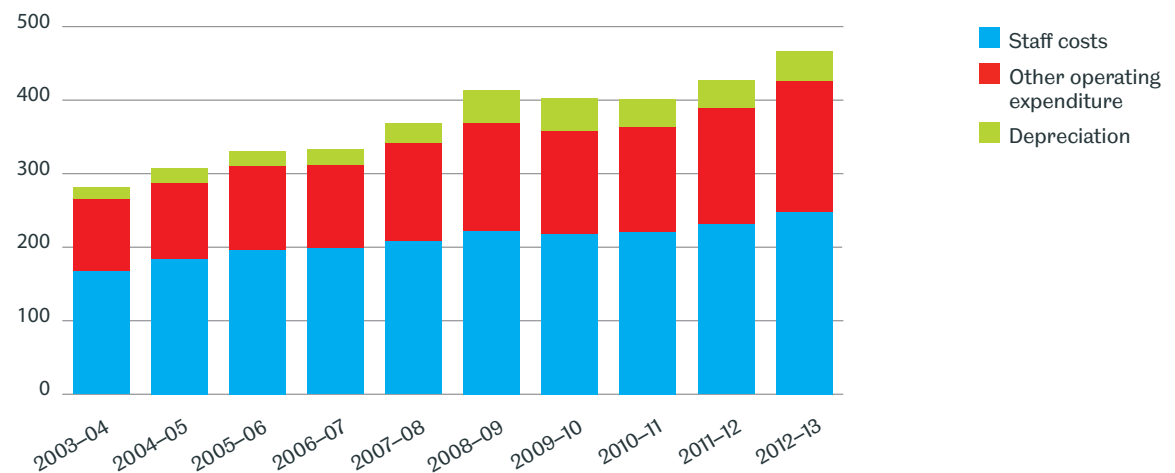
In 2012–13 research income has increased by 5.1 per cent to £114.4 million, and much of this increase is attributable to the state-of-the-art research work undertaken at the AMRC.

**Research income (£m)**



During the last 10 years total expenditure has grown by 64.9 per cent to £465 million. The proportions between the three expenditure categories have remained fairly consistent. 2008–09 expenditure reflects the additional one-off costs of the Voluntary Severance Scheme.

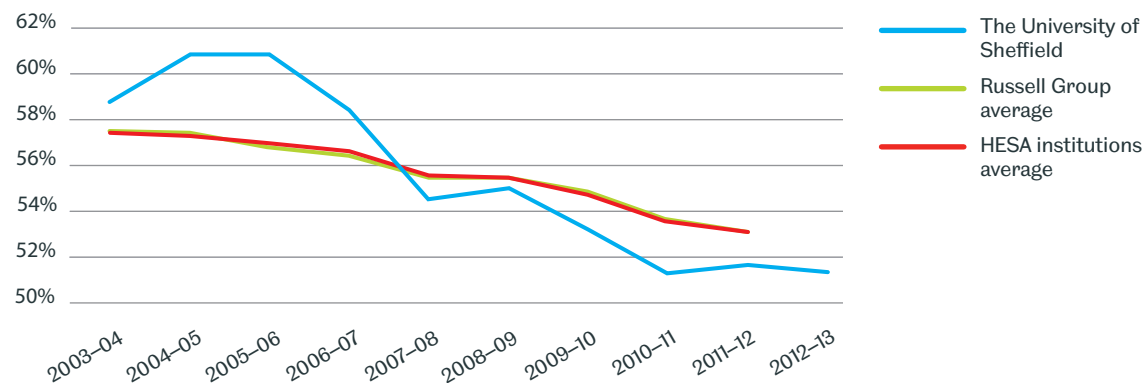
**Total expenditure (£m)**





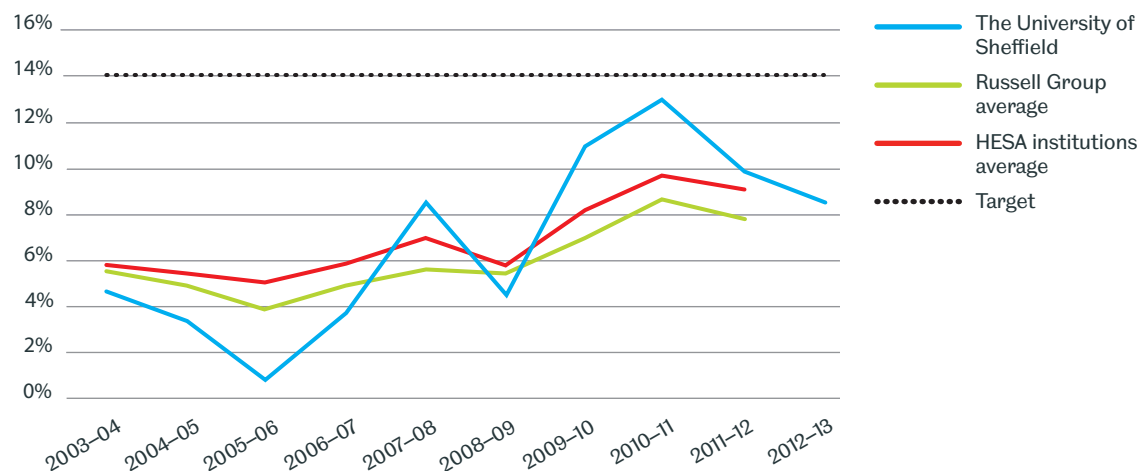
Staff costs as a proportion of income have stabilised in recent years following two periods of reductions commencing in 2005–06 and in 2008–09. The later reductions arose from the Voluntary Severance Scheme. A similar reducing trend is seen in both the Russell Group and the wider sector as institutions have reduced the proportion of income spent on staff.

Staff costs as a percentage of income



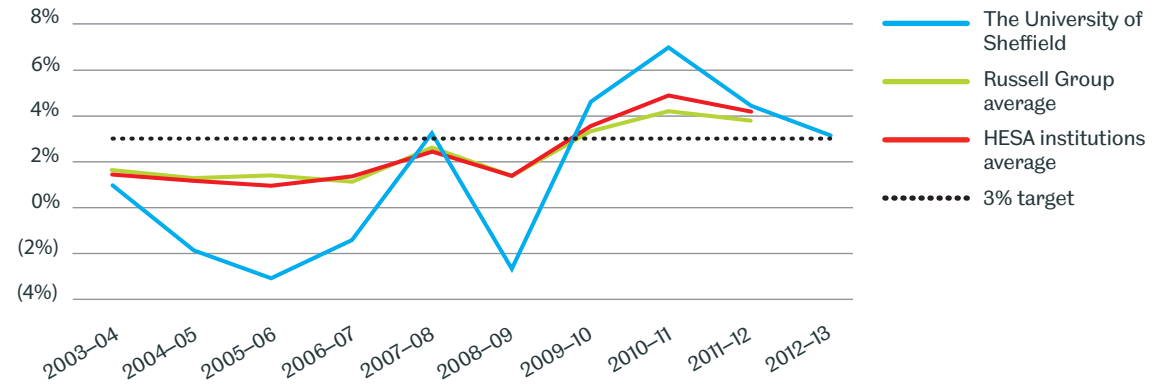
Earnings before interest, taxation, depreciation and amortisation (EBITDA) shows total income less staff costs and operating expenditure. This measure enables institutional comparability, particularly as it excludes areas such as depreciation where institutions can apply a range of accounting policies. 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 income



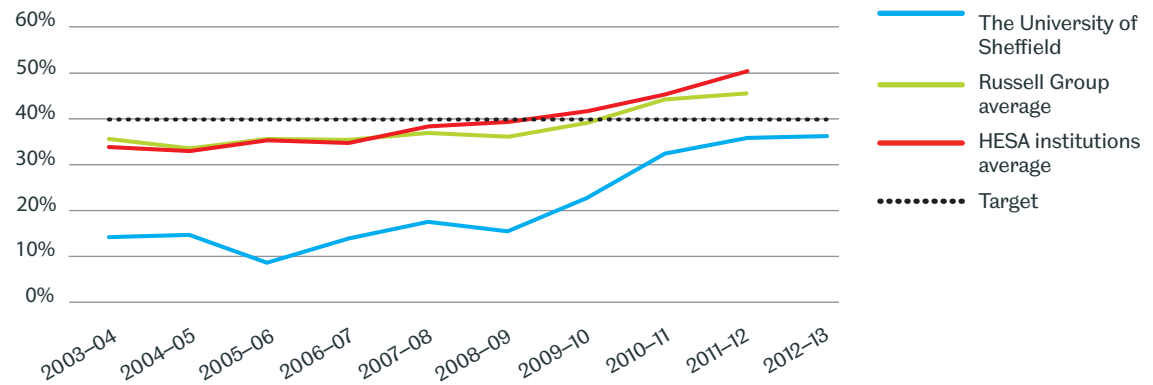
The University has achieved its operating surplus target of three per cent in each of the last four years. This period was preceded by a period of operating losses. The University uses revaluation accounting which results in higher depreciation charges and therefore lower operating surpluses when compared to many HE institutions.

**Operating surplus / (deficit) as percentage of income**



We have again generated a strong income and expenditure account result. This has helped to add to the level of reserves and further narrow the gap between the University and the sectoral average of discretionary reserves as a proportion of income.

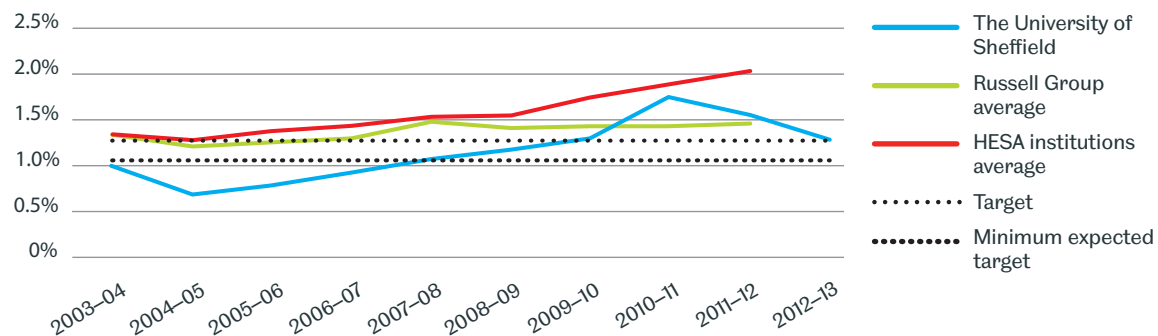
**Discretionary reserves as a percentage of income**



The current ratio measures whether an organisation has sufficient short term assets to meet short term liabilities.

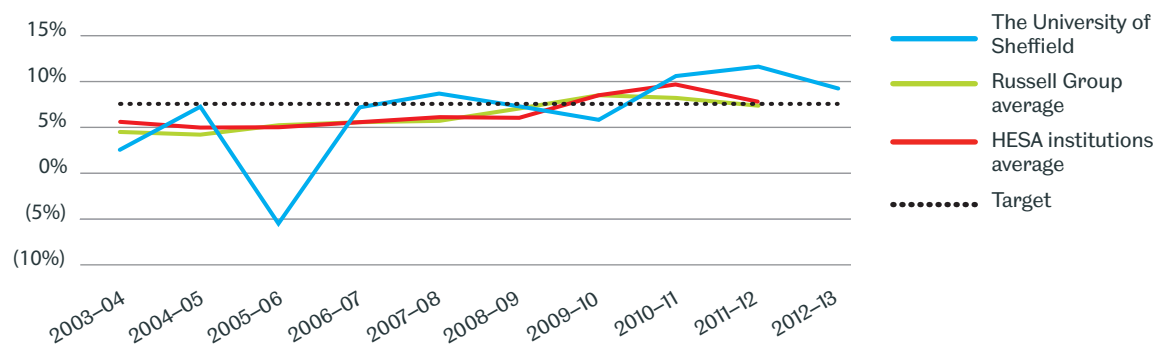
Our current ratio has increased over the last 10 years as cash balances have grown following healthy financial performances, and capital expenditure has been largely grant funded.

**Current ratio**



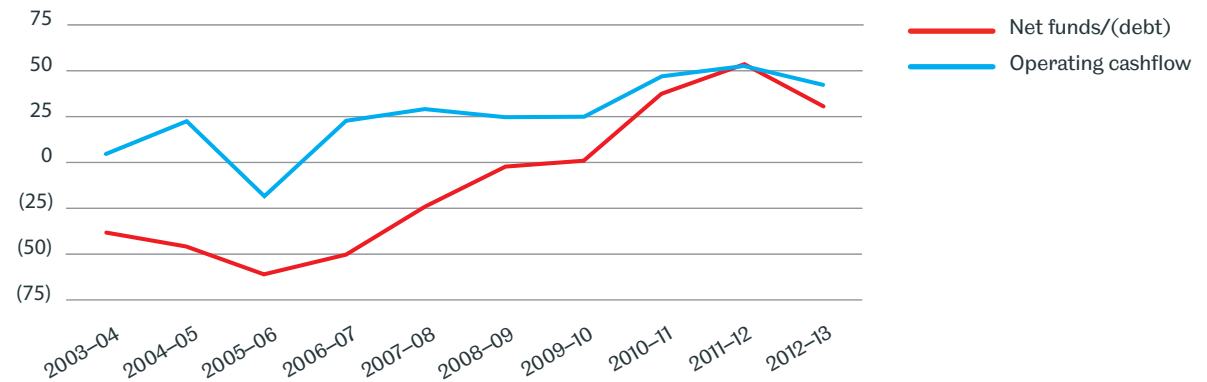
Our net cash inflows as a proportion of total income have increased in recent years, following strong financial performances. This puts the University in a strong position during this period of sectoral change.

**Net cash inflows/(outflows) as a percentage of income (£m)**



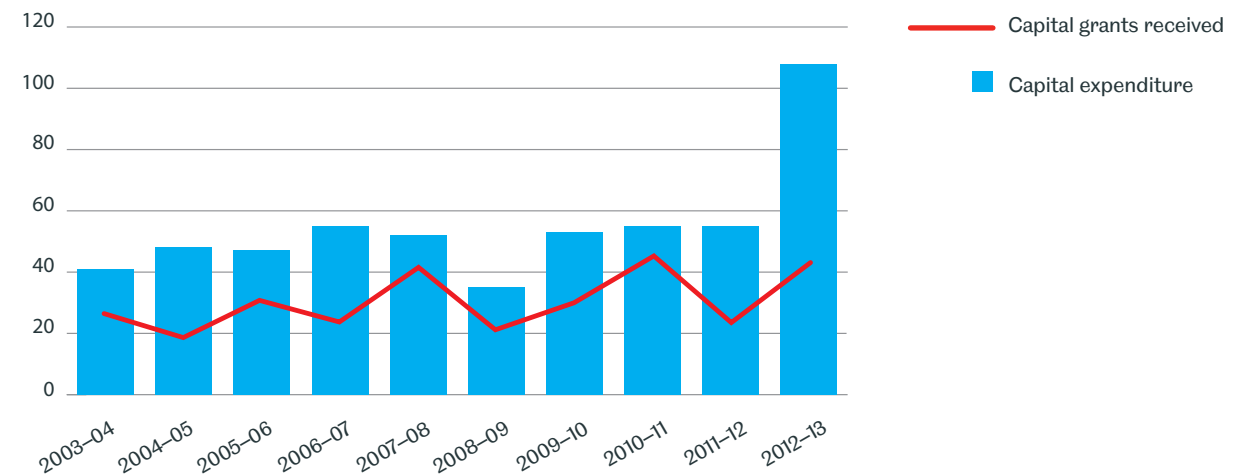
Since 2006–07 positive operating cashflow arising from healthy operating surpluses have moved the University from being in a net debt position to being in a net funds position. In the last two years, the increasing level of self-financed capital expenditure has begun to reduce the net funds available.

**Net funds / (debt) and operating cashflow (£m)**



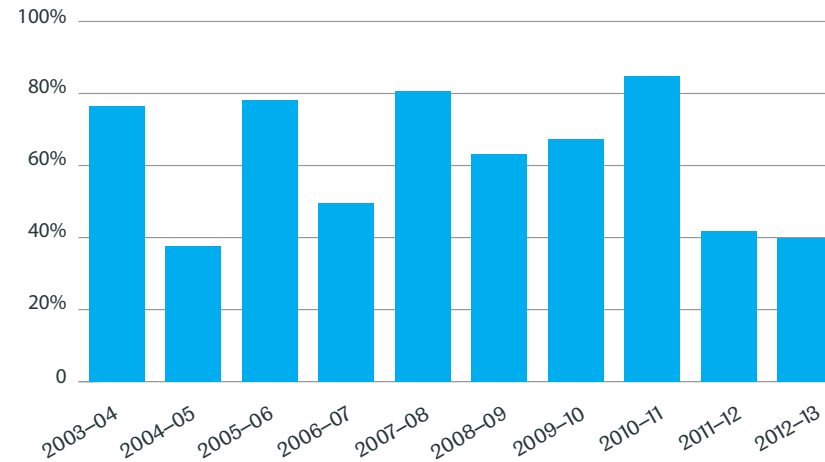
Capital expenditure in recent years has been around £50 million each year and was more than double this amount in 2012–13 when capital expenditure reached £107.9 million. This includes £24.2 million of land and building additions, £62.7 million of buildings under construction and £21 million of equipment additions.

**Capital expenditure and deferred capital grants (£m)**



Capital expenditure has historically been heavily grant funded. In the future, we will need to self finance a much greater proportion of capital expenditure, which will require the continuing generation of sufficient cash resources.

**Percentage of capital expenditure externally funded**



During the year the Management School moved to a newly refurbished building with facilities designed to benefit students in their taught and independent study at every level.



*Courtyard Cafe, Management School*

A major development project on University House and the Students' Union created a fully integrated space with excellent services and facilities for students, staff and visitors.



*Students' Union*

The AMRC Design, Prototype and Test Centre is a new state-of-the-art facility bringing together a world-class design team with manufacturing and research expertise.



*AMRC Design Prototyping and Testing Centre*



## Conclusion

The sector is experiencing the most fundamental financial change seen in many years. HEFCE teaching grant income and capital grant income has begun to decline, being replaced by increased fee income from UK and EU undergraduate students. The sector shrank this year in the UK and EU undergraduate market, reversing temporarily at least the trend of previous years. The longer-term impact of higher fees upon the sector is still unknown. We are proud that the University responded in a measured and controlled way to the unexpected fall in undergraduate recruitment and delivered another strong financial result with no adverse impact on the high quality of our teaching and research.

Teaching grants will reduce further and future capital investment will largely need to be financed by the University. We must continue to deliver a first-class student experience, maintain our international reputation in research and be recognised as a world-class institution that supports UK industry and commerce. In order to achieve these aims we must continue to generate strong surpluses and cash resources to allow us to invest in our future and to remain financially sustainable.

Finally, I would like to join with our Vice-Chancellor in commending all the University's employees and students for their part in the many remarkable achievements over the last year.

**David Young**

Treasurer

# 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. Leading researchers teach on our courses, ensuring that teaching is always up-to-date and relevant.

The following gives an overview of the teaching and learning highlights from the year 2012–2013.

- We opened a student skills and development centre, '301', which provides a holistic approach to student skills development. The benefits include academic success, skills for graduate employability and opportunities for effective and efficient referral across the range of services.
- The Quality Assurance Agency's review of the University found us in excellent shape. We met UK expectations in all categories and the review identified six areas of good practice.
- We launched the Learning and Teaching Toolkit to help showcase good practice and provide guidance for staff.
- In collaboration with the Students' Union, we reviewed our Principles of Feedback, improving our performance in this area.
- Our new e-learning strategy is now approved.
- We launched the Higher Education Achievement Report (HEAR) for all students starting in 2012.
- Our students have more access to world-leading research than ever. The Inspiration & Co lecture series, where students voted for the lectures they want, was a resounding success.

From across the faculties we've seen the following innovations and successes in this area.

## The Faculty of Medicine, Dentistry and Health

Innovations in learning technology include two MOOCs (Massive Open Online Courses) delivered by SchARR and Dentistry as well as a new online tutor support system.

## The Faculty of Science

The faculty's new learning and teaching network enables staff to exchange ideas about teaching in ways that have never been tried before.

Our employer liaison group (ELG) is so effective that the Royal Society of Chemistry invited us to help the universities of Leeds and Kingston set up ELGs of their own.

## The Faculty of Social Sciences

Professor Matthew Flinders' new parliament module, co-taught with the House of Commons, is the first of its kind anywhere.

As part of the ESRC festival, the faculty hosted an event showcasing innovative teaching. Around 100 primary and secondary school students attended over three days.

## The Faculty of Arts and Humanities

Dr Bob McKay, School of English, and final-year student Matthew Holman won a Higher Education Academy Partnership award for developing a new interdisciplinary module for the faculty.

In addition, 90 students from five departments worked with schools in the region through our In the City initiatives.

## The Faculty of Engineering

Our new project – Engineering: You're Hired! – saw 900 second-year students work with businesses to solve engineering problems.

To make lectures more interactive, we've invested in new technology for all our students.

## International Faculty – City College, Thessaloniki

We've developed the use of learning technologies for audio and e-feedback, e-peer review, e-personal development portfolios and online counselling by students.

The Sheffield Graduate attributes are now badged in all modules and extra-curricular activities, and student self-assessment sessions have been introduced.





## Research and innovation

During 2012–13, we successfully increased the levels of new award income to the University through a targeted approach. Growth has been spread across the faculties and a significant proportion of this increase has been in key strategic areas such as capital assets, individual fellowships and EU funding.

The research carried out by 93 per cent of the University's academic staff and submitted to the independent 2008 Research Assessment Exercise (RAE) is internationally recognised and in many cases world-leading. This demonstrates the quality, breadth and volume of our research activity. 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.

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

We pride ourselves in the outstanding professional development environment we provide for our research staff and the high quality research training for Postgraduate Research (PGR) students. We invest in their development as we recognise their potential to make positive differences to the UK economy and its social, political and cultural life.

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 University has well-established partnerships with a number of universities and major corporations, both in the UK and abroad. For example, the White Rose Consortium, a partnership with Leeds and York Universities, has secured more than £100 million into the Universities.

The University of Sheffield is committed to raising the awareness and understanding of the public value that is created by the breadth of research activity across the institution. Staff from all disciplines are committed to disseminating their research in order to ensure that the benefits and economic and societal impacts are felt as widely as possible.

Patients are being supported by life-changing work to develop cures for deafness, regenerate parts of the eye for those who have lost their sight and develop adaptive technologies for people who have suffered strokes. We are also developing 'engineering for life' solutions which will give greater independence and dignity to people in need, especially elderly patients living with challenging conditions at home. Our work

in the School of Health and Related Research (ScHARR) has also provided a key evidence base for debates around minimum alcohol pricing in the UK and abroad.

The UK's manufacturing supply chain is being helped to thrive in a global market through our Advanced Manufacturing Research Centre, which was named Boeing's Supplier of the Year. Significant investment into civil nuclear energy was also made available to the University and the region when the government awarded £37.1 million in 2012 to our Nuclear Advanced Manufacturing Research Centre, working in partnership with Rolls-Royce.

# Achievements

Over this financial year, we received more than £2 million from philanthropic donations – a testament to the growing impact of philanthropy on the life of the institution. We are delighted to have reached the milestone of receiving our 13,000th gift this year.

Major gifts have made a significant contribution to a wide range of projects:

- A gift of £280,000 from the Garfield Weston Foundation for diabetes research at the Radiology Unit has enabled researchers and clinicians to press ahead in improving our understanding of the nature of the disease and its effects upon vital organs of the body;
- The Wolfson Foundation has renewed its gift of about £240,000 to support a further three prestigious, fully funded PhD scholarships in the Arts and Humanities;
- \$50,000 from the Caterpillar Foundation has created scholarships for Engineering students and supported STEM outreach programmes;
- Continued support of \$50,000 from the Grantham Foundation for the Protection of the Environment has made an important contribution to Sheffield's investigation of the global food and energy needs of a growing population;
- Another anonymous \$50,000 from a US donor, has supported a vital Fellowship in Aegean Prehistory at the Department of Archaeology;

- SITraN continues to attract donations from charities and individuals, including Sir Elton John. In addition, the energy and enthusiasm of SITraN benefactor Jonathan Stone resulted in a fundraising concert at Wigmore Hall in September 2012, which enabled the purchase of a critical piece of equipment – the Illumina DNA sequencing scanner. Approximately £450,000 has been raised for equipment and research positions at SITraN last year.

Fundraising events continued to be popular. Olympian Jessica Ennis-Hill (BSc 2007) was interviewed by Football Focus presenter Dan Walker (BA 1998, MA 1999) on 30 November 2012 at Sheffield City Hall to raise funds for the University's Elite Sports Performance Scheme.

Our alumni telephone campaigns brought in over £380,000 from more than 2,000 supporters for the Alumni Fund, helping to fund undergraduate and masters scholarships, small-scale departmental projects and contributing to the refurbishment of the Students' Union. Nearly 200 scholarships totalling £370,000 were awarded this year as a result of philanthropic gifts.

Our legacy programme continued to be enormously successful, with a gift of £40,000 from the University's long-standing supporter Diana Young (BSc 1937, MA 1968), widow of former Pro-Chancellor Gerard Young. This gift has been used to support the refurbishment of the Western Bank Library, a laboratory in the School of Chemistry and new drapes for the Drama Studio.

The first alumna to answer the call for gifts in 2002 – Dr D Rachael Brook (MB ChB 1956) – left the University a legacy of £30,000 for scholarships in Medicine, while a legacy of £250,000 from Daisy Walker, who died at the age of 102, has provided crucial Electronic and Electrical Engineering scholarships. This legacy was in memory of her husband and alumnus Thomas Henry Walker (BEng 1931, MEng 1933). Electronic and Electrical Engineering was very grateful to receive another legacy of £270,000 from Anne Robson, in memory of her husband and former head of department, Professor Peter Robson. A final instalment was received from the Estate of Margaret Sheard, who left a legacy of over £260,000 to Geography as well as Chemical and Biological Engineering for scholarships targeted towards travel and field trips.



### Alumni achievements

During the past year, alumni of the University have achieved great success within their professions.

**Susanna Chiu** (BA 1982, Economics) was awarded the Medal of Honour by the Hong Kong SAR and was appointed President of the Hong Kong Institute of Certified Public Accountants.



**Edmund de Waal, OBE**, (Diploma in Japanese Language, 1992), the British Ceramic Artist and author of “The Hare with Amber Eyes”, received an honorary LittD from the University.

**Jessica Ennis-Hill** (BSc Psychology 2007, Hon LittD, 2009), Olympic Gold medallist, was awarded a CBE.



**Sir Bernard Hogan-Howe** (Executive MBA Management, 1999), Commissioner of the Metropolitan Police was knighted and received an Honorary LLD from the University.



**Dame Julia Macur** (LLB 1978, Law) was appointed a Lord Justice of Appeal in the High Court.

**Tony Minichiello** (LLB 1996, Law), world-renowned athletics coach, received an honorary LittD from the University.



**Mrs Kathryn Riddle** (BA 1967, Sociology; LLB 1986, Law), Chair, NHS North of England and Pro-Chancellor, University of Sheffield was awarded an OBE.

### SheffieldVolunteering

We encourage our students to be active members of the local community through SheffieldVolunteering. In 2012–13, 1,671 student and staff volunteers from 66 departments gave a total of 32,496 volunteering hours and 199 organisations benefited.

Across the city, our volunteers helped to raise aspirations, supported people living with difficulty, disability or disadvantage, contributed to improving facilities and supported local action on heritage and environmental issues. Volunteers were active in 77 different areas, mainly in Sheffield itself but also further afield.

Through Raising And Giving (RAG) students raised and donated an incredible £174,627 to good causes. Fundraisers baked cakes, slept out, hitch-hiked, bungee jumped, ran gig nights, night-hiked, put on a fashion show, endured cycle-a-thons, half marathons and leg-waxing, sang carols, sold glowsticks, made bird feeders to sell, put on a 24-hour gaming and roleplay event, busked, rattled buckets, and much more. In all, the programme involved 138 different activities. Over 110 student groups, clubs and societies participated and over 82 per cent of the funds were donated locally within South Yorkshire and Derbyshire to over 120 local organisations.







## The student experience

We are one of the UK's leading Universities. We were named UK University of the Year in the 2011 Times Higher Education Awards and in the 2012 National Student Survey we received an overall satisfaction score of 90 per cent for the second year running. Our Students' Union was rated the best in Britain. Our global reputation for teaching and research attracts students from over 120 countries, making Sheffield a truly international community.

### Student support

The comprehensive student support delivered within the University community benefits students in several important ways. In particular it:

- Enhances the overall (physical, psychological and social) wellbeing of our students;
- Enables every student to build sound relationships with other students, within academic departments and within the University as a whole;
- Contributes to the creation of a sense of belonging in the University and to the building of self-regulating communities of students;
- Enables our students to develop life skills as they progress through the University;
- Contributes positively to the quality of the student experience and to support recruitment, progression and retention;
- Enhances the reputation of the University for providing excellent student services.

### Employability

In 2012–13 we launched a student employability strategy as part of the continuing roll-out of our Learning and Teaching Strategy. This was complemented by a series of faculty and departmental action plans developed to suit disciplinary contexts.

The aim of our strategy is 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.

### Widening participation and fair access

The University has a long-standing commitment to widening participation and fair access, not only to our own programmes of study, but also to the higher education experience in general. Our Widening Participation Strategic Assessment and Access Agreement details our current priorities, which include:

- Increasing the opportunities for students from under-represented groups to benefit from study at Sheffield or at other higher education institutions (Getting In);
- Ensuring that students have access to resources and support that reflect their diversity of backgrounds and prior experience to enable them to fulfil their potential (Getting Through);
- Providing our students with opportunities to enhance their preparedness for graduate employment and develop their capacity for further professional and academic study (Getting On).

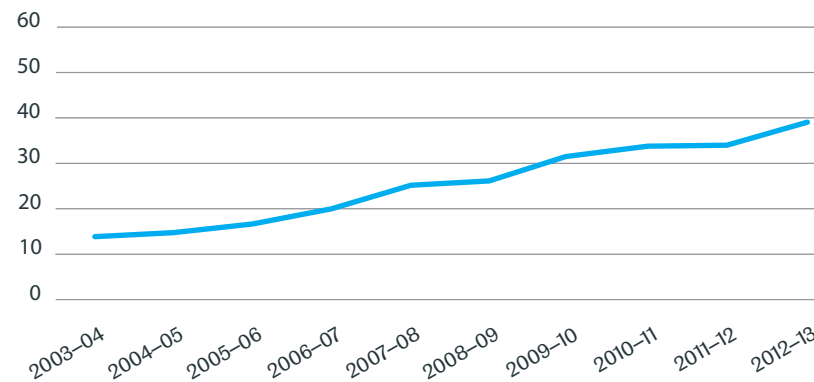
The Office for Fair Access (OFFA) approved our plans for ensuring fair access to students from under-represented groups through outreach work and financial support. These plans are an important part of our strategy for widening participation and, without OFFA approval, we would not be able to set tuition fees for full-time UK and EU students at £9,000.

To support talented students, we offer bursaries and studentships to those who may not have the financial resources to study at university. We also encourage alumni to donate to our Alumni Fund, which supports students through scholarships and in times of hardship.

We have substantially increased our spend on scholarships, bursaries and fee waivers over the last 10 years and it will continue to increase in the coming years. This will ensure that the benefits of a University of Sheffield education are available to all, irrespective of background.

Part of our commitment involves funding a local mentoring scheme, 'US in Schools', to support young people through some of the most crucial decision-making stages of their school career. The aims of 'US in Schools' are to raise the aspirations and attainment of young people in local schools through the support and guidance provided by current University of Sheffield students, and to provide current University of Sheffield students with the opportunity of working in local schools to develop a range of skills necessary for careers in the education and youth sectors.

### Scholarships, bursaries and fee waivers (£m)



## Engagement with the 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 wellbeing of the people of Sheffield. This desire to use education to do good for those beyond the University continues to inspire research and teaching. Today, the University of Sheffield is a leading international University with staff and students from over 120 countries, which has an impact on people around the world. Today, we are a global community and, like our city, our staff and students have roots and links all over our planet. We are a world-class research university and one of the most popular UK destinations for talented students from Britain and more than a hundred other countries worldwide.

The economic benefits to the city of Sheffield are enormous, and there are many opportunities for the local community to engage with us. 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.

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 – the University is committed to public engagement and collaborations which reflect our educational vision and heritage. With universities facing challenges around globalisation and localisation in the 21st century, engagement is an important visible sign of universities' role in the public good. We have created a uniquely Sheffield experience, embedding our vision for engagement across the University, incorporating both academic and professional services staff. Through our public engagement with research programmes we have delivered and continue to deliver an inspirational, cross-collaborative series of events for the people of Sheffield, in particular through the Festival of the Mind, Researchers' Night and the Festival of Science and Engineering.

Launched in September 2012, the 10 day Festival of the Mind was the first ever collaboration of its kind to blend university research with the inspiration of a city's creative community. The main hub of the festival was the beautiful Dutch Speigeltent situated in Barker's Pool in the heart of the city, and the supporting events reflected our research across fifty different subjects and departments. 18,000 people of all ages attended over 150 events in 50 different venues across the city and University, with topics ranging from science to philosophy, from robots to poetry. Over 1,500 people alone attended the Alfred Denny Museum which opened its doors to the public for the first time in sixty-five years, over the two weekends of the festival.

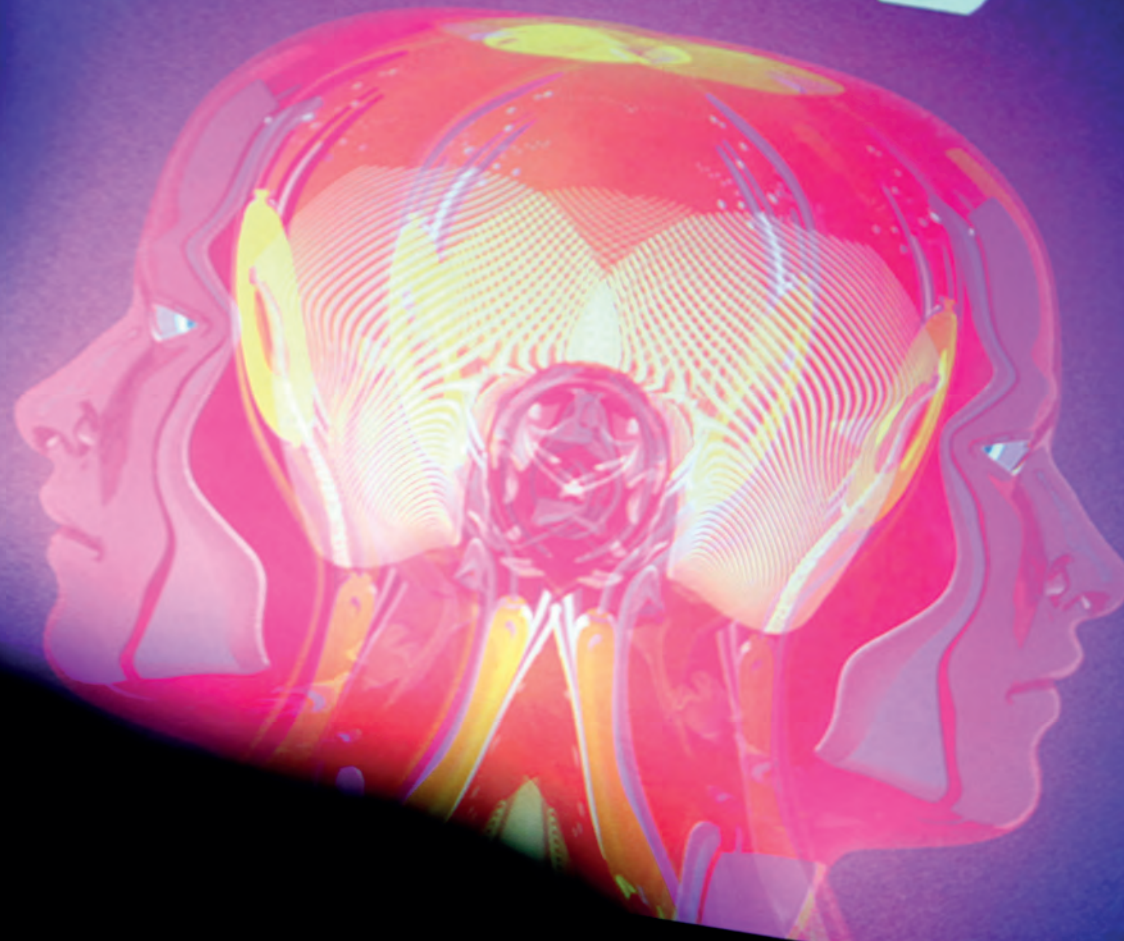
We also offered the city the unique opportunity to learn more about the University's world-leading research in Science, Engineering, Medicine and Dentistry. Over the course of two evenings held in September as Researchers' Night and March as Discovery Night, laboratories and lecture theatres were open for all with dozens of talks, demonstrations and hands-on activities. The fortnight-long Sheffield Festival of Science and Engineering had dozens of inspiring events in locations including both the city's universities, museums, industry and schools, all offering communities a unique opportunity to learn more about the world-leading research taking place across the region.

*Through our public engagement with research programmes we have delivered and continue to deliver an inspirational, cross-collaborative series of events for the people of Sheffield.*



*The Festival of the Mind is the first ever collaboration of its kind to blend university research with the inspiration of a city's creative community.*

# FESTIVAL OF THE MIND



# Strategic planning

The University of Sheffield's mission, vision and identity inform our approach to strategic planning and help us build the university we aim to be. We use our guiding principles to inform how we work in different situations and operating conditions and they guide the choices we all make in our day-to-day work. Our Strategic Plan 2010–2015 underpins our mission, vision, identity and guiding principles. In turn, it is informed by a range of performance indicators demonstrating our areas of strength and focus.

## 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

We recognise and promote the potential for higher education to transform people's lives and we welcome a diverse range of staff and students from around the world to Sheffield. The University has grown from its original intake of 114 students to nearly 25,000, who study across a broad range of areas spanning arts and humanities, social sciences, medicine, science and engineering. We aim to play a leading role in the research and teaching needed to address the biggest issues facing our world today. Over the years, our growing ambition and the increasing number of exchanges of people and ideas has developed our reach. We are now a truly international university with a worldwide reputation.

The University holds charitable status as an Exempt Charity and public benefit is integral to the culture of our University, and is embedded in its foundations. More than 100 years ago, the local people of Sheffield understood the tremendous impact that a University for Sheffield would have on improving lives through education. Their belief in higher education as a force for good raised £50,000 in penny collections (circa £15 million today) to build a University in their city.

## 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.

### *Achieving Excellence*

Excellence indicates the very highest quality, significantly exceeding the norm, as reflected by the 'Made in Sheffield' stamp. It reflects a refusal to accept the ordinary. We aim to create an environment that supports and promotes success, encouraging staff and students to achieve and excel.

### *Cultivating Ambition*

We set challenging and important goals. We are willing to grapple with the most difficult intellectual and practical problems of our time and are not easily daunted. We want to attract and retain people with ambition and to provide them with the opportunities to realise their dreams and develop their talents.

### *Making a Difference*

Universities are one of society's engines of change. We seek to create, discover, share and apply knowledge through teaching and research in ways that make a difference and ensure that our work has a genuine cutting edge. We also want to make the experience of being part of the University something that shapes the life and prospects of everyone who comes here.



### Working Together

Solutions to important problems depend increasingly upon collaboration: between staff and students, across disciplines and in partnership with others locally, nationally and internationally. We aim to build inclusive teams, maximising the benefits of difference and drawing on the skills and potential of the widest possible range of colleagues.

### Protecting the Future

We have to think beyond the short term. In order to safeguard our core academic activities and the student experience for the future, we must ensure that our research and teaching are financially sustainable. We need to use resources effectively, transparently and responsibly and to be resilient and adaptable in the face of change.

### Leading the Way

We believe that universities have a responsibility to look ahead to important new problems and to offer intellectual leadership to society in response to them. We expect our staff to be leaders both in their fields and in the governance of the University and we encourage our students to think how they too can shape the world both now and into the future.

### Institutional sustainability

The University has a range of Performance Indicators (PIs) that are used to monitor progress and inform action in seeking to meet the ambitions set out in the strategic plan. Our financial health PIs input into our institutional sustainability assessment, developed following recommendations from the HEFCE Financial Sustainability Strategy Group (FSSG). The sustainability assessment is aimed at providing assurance on sustainability through self-regulation, in which governing bodies make assessments based on their particular circumstances.

Following FSSG recommendations, these financial health indicators are based on those reported to and used by HEFCE, and these KPIs are contained within

our Financial Operating Strategy, which is monitored by the Finance Committee. They are viewed on a rolling basis which presents the previous two years' actual results plus three years of the forecast that was current at that time. For example, the 31 July 2013 values relate to actual results for the two years ending 31 July 2013, plus forecasts for the years ended 31 July 2014, 31 July 2015, and 31 July 2016.

The results are illustrated in the table below, which demonstrates some positive progress against most of these indicators but also that the July 2013 values start to show deterioration in some of the values. This is a reflection of the challenging financial forecasts that the University faces.

### Rolling average key performance indicators

	31 July 2010	31 July 2011	31 July 2012	31 July 2013
Historical cost surplus/(deficit) as percentage of income	2.9%	5.9%	4.2%	3.4%
Discretionary reserves (excluding pension liability) as percentage of income	24.9%	33.7%	35.1%	35.8%
External borrowing as percentage of income	21.6%	19.3%	17.8%	15.3%
Net cash flow as percentage of income	7.6%	8.7%	8.3%	7.7%
Net liquidity days	103	92	67	63

*The University has expanded from its original intake of 114 students to nearly 25,000.*

# Strategies

The following strategies support the University's Learning, Teaching and Research strategies.

## Financial strategy

The achievement of the University's Mission, Vision and Identity depends on our success in creating and maintaining a healthy financial position. Our financial situation both facilitates and constrains our future development and it enables and is affected by all our activities. We maintain our financial position through the following seven objectives:

- Ensure that the University's financial strategy targets are met;
- Ensure that financial risks associated with all ongoing activities and new opportunities are managed in accordance with the University's stated risk policy;
- Ensure high standards of financial probity and accountability through robust financial processes and provision of professional financial services;
- Increase the value and diversity of income from sustainable, unrestricted sources;
- Ensure that the University is able to maintain and improve its facilities and infrastructure in order to sustain and increase its productive capability and its competitive position consistent with its corporate plan;
- Ensure that the financial consequences of activities are fully evaluated and embedded within corporate, faculty and departmental level planning and decision making and that this is supported by relevant and timely financial information;
- Ensure that the University achieves value for money in all its core and supporting activities.

## People strategy

Our People Strategy will attract, grow and engage a diverse range of talented staff who have the ingenuity, energy, skills and knowledge to be at the forefront of our pioneering work and ambitious plans, with a commitment to continually enhancing the reputation of the University.

The strategy has a strong alignment to the Mission, Vision and Identity of the University. As our staff are key to the achievement of the Strategic Plan and the Guiding Principles of the University, the successful delivery of the Attract, Grow and Engage priorities of the People Strategy are critical to the success of the University.

By developing an organisation which strives to achieve its Mission and Vision and lives by its Values, our People Strategy will enable the University to develop a way of working whereby:

- Innovation and excellence is the norm in all we do;
- Respect for difference, diversity and inclusion is promoted and accepted by all;
- Investment and excellence in leadership and management is viewed as critical to the ongoing success of the University;
- The ability to be creative and adaptable to changing circumstances is essential;
- A sense of belonging and engagement with the University is nurtured and developed;
- Commitment to the development of the University and the enhancement of its reputation is seen as everyone's responsibility,

Efficient and effective use of staff resources in line with the University's strategy is seen as crucial to the future success of the organisation.

## 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 to 2015; 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, such as the Arts Tower, 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.

The challenges we face are many and varied. Over the next five 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. It is very likely that government funding support to universities for capital and infrastructure will be heavily constrained over the planning period to 2015. In this context, our response is to establish clear priorities in line with

our academic objectives, obtain best value from a wide range of investment sources, and keep our plans within the bounds of what is affordable and realistic.

In particular the Estates Strategy includes a focus on:

- Improvements to the general estate condition in order that the physical environment, buildings, services and public realm can continue to support world class teaching and research;
- An absolute reduction in the University's carbon footprint in order to meet the institution's Corporate and Social Responsibility agenda, as well as our legal obligations associated with the Climate Change Act 2008;
- Improvements to our use of the estate resource so that we maximise the efficiency of the estate and reduce our operating costs;
- Provision for targeted growth in student numbers and research activity through a combination of investment and improvement in our efficiency.

*We recognise that reducing our environmental impact requires joint effort and commitment by staff and students.*

### Environmental policy

We show our 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 continuously improve 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 Students' Union to do so.

As well as working to improve our internal environmental credentials, we also help others by researching new sustainable technologies and examine how to best change people's behaviours to adopt more sustainable approaches. For example, Project Sunshine aims to harness the power of the sun to tackle the biggest challenge facing the world today: meeting the increasing food and energy needs of the world's population in the context of an uncertain climate and global environment change.

### Risk management strategy

Our 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 2013.

The University's definition of risk is: any uncertain event or set of events which, should it occur, will have an effect on the achievement of the University's current or future objectives. This could have a positive (opportunity) or a negative (threat) outcome. A risk consists of a combination of the probability of a perceived threat or opportunity occurring and the magnitude of impact that this perceived threat or opportunity would have upon the University's objectives.

We have developed a statement of appetite for risk which supports risk management across the institution. We take a balanced approach to risk across the full range of our 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 we seek strategic advantage, initiative or change, we will be receptive to understanding and sharing internally the inherent risks if the anticipated benefit warrants, within limits, the risks described.





# Our students

## Our student population – applications



**1 August 2010 – 31 July 2011**

■ UG Home	29,918
■ UG Overseas	5,700
■ PGT Home	5,119
■ PGT Overseas	19,725
■ PGR Home	1,403
■ PGR Overseas	2,619
<b>Total applications</b>	<b>64,484</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 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>

# Our students

## Student numbers 2012–2013

Full-time students							
Faculty	Undergraduate			Postgraduate			Total
	Home/EC	Overseas	Sub total	Home/EC	Overseas	Sub total	
Faculty of Arts and Humanities	2526	12	2,538	300	232	532	3,070
Faculty of Engineering	1,887	1,061	2,948	469	1,010	1,479	4,427
Faculty of Medicine, Dentistry and Health	1,989	142	2,131	277	248	525	2,656
Faculty of Science	2,929	285	3,214	478	201	679	3,893
Faculty of Social Sciences	4,322	911	5,233	910	1,310	2,220	7,453
<b>Total</b>	<b>13,653</b>	<b>2,411</b>	<b>16,064</b>	<b>2,434</b>	<b>3,001</b>	<b>5,435</b>	<b>21,499</b>

Part-time students							
Faculty	Undergraduate			Postgraduate			Total
	Home/EC	Overseas	Sub total	Home/EC	Overseas	Sub total	
Faculty of Arts and Humanities	42	1	43	207	24	231	274
Faculty of Engineering	41	42	83	82	37	119	202
Faculty of Medicine, Dentistry and Health	248	56	304	518	80	598	902
Faculty of Science	56	15	71	57	6	63	134
Faculty of Social Sciences	424	54	478	517	72	589	1,067
<b>Total</b>	<b>811</b>	<b>168</b>	<b>979</b>	<b>1,381</b>	<b>219</b>	<b>1,600</b>	<b>2,579</b>

Additional students	
Modern Languages students abroad	216
Students on optional year outs	118
Erasmus and Year Abroad students	302
<b>Total</b>	<b>636</b>



## First degree award classifications

Faculty	1	2.1	2.2	3	Pass	Unclassified	Grand total
Faculty of Arts and Humanities	170	649	65	3	4	0	891
Faculty of Engineering	214	301	147	25	20	0	707
Faculty of Medicine, Dentistry and Health	70	81	27	3	266	41	488
Faculty of Science	247	479	183	25	17	0	951
Faculty of Social Sciences	226	1,048	311	24	114	0	1,723
<b>Grand total</b>	<b>927</b>	<b>2,558</b>	<b>733</b>	<b>80</b>	<b>421</b>	<b>41</b>	<b>4,760</b>
<b>Percentages</b>	<b>19%</b>	<b>54%</b>	<b>15%</b>	<b>2%</b>	<b>9%</b>	<b>1%</b>	

## Certificates and Diploma awards

Faculty	Diploma	Cert	Grand total
Faculty of Science	–	14	14
Faculty of Social Sciences	2	136	138
Faculty of Medicine, Dentistry and Health	35	–	35
<b>Grand total</b>	<b>37</b>	<b>150</b>	<b>187</b>

## Number of taught postgraduate degrees awarded

Faculty	Grand total
Faculty of Arts and Humanities	406
Faculty of Engineering	786
Faculty of Medicine, Dentistry and Health	455
Faculty of Science	159
Faculty of Social Sciences	1819
<b>Grand total</b>	<b>3625</b>

## Number of research degrees awarded

Faculty	Grand total
Faculty of Arts and Humanities	56
Faculty of Engineering	135
Faculty of Medicine, Dentistry and Health	54
Faculty of Science	166
Faculty of Social Sciences	123
<b>Grand total</b>	<b>534</b>

### International students

We continue to be a popular University for students from across the world, and this year our undergraduate and postgraduate international student registrations reached record highs. International students now make up 24 per cent of our student body, with 117 different nationalities studying on campus, making us a truly international university.

We were proud this year to lead the way in making a strong case for the value of international students to UK universities and the country. Our decision to commission Oxford Economics to generate a report on the economic impact of international students on a host city demonstrated the substantial positive impact of international students and also raised the profile of our University. The report, launched at the House of Commons in March 2013, confirmed that such students contribute £120 million to the Sheffield economy.

To further support our international students, we expanded scholarship provision for students joining us both for degree programmes and for shorter periods as part of the Study Abroad Programme. Our drive to attract more international students included welcoming students from the University of Tokyo to a Summer School, and we hope to extend this programme to other partner institutions in 2014. The Department of Chemistry and the School of Maths and Statistics have also entered into an agreement with Nanjing University of Technology for our staff to deliver aspects of their programmes in China before students transfer to Sheffield to complete their degrees. We are delighted that over 250 students are currently on this programme, with the first due to come to Sheffield in September 2014.

### Students' Union

August 2012 saw the launch of the Students' Union's new four year strategic plan 'Our Strategy 2016'. The plan has four overarching objectives to guide the Students' Union through the changing HE landscape ensuring we remain relevant to our members. These are:

- Creating opportunities for students to develop;
- Enhancing and maintaining student well being;
- Providing relevant quality services;
- Ensuring a bold and effective student voice.

On the 23 July 2012, the University began the second phase of the Students' Union building work which aimed to create a space where people can work, socialise and collaborate. This development work meant that the Students' Union had to reduce, relocate and replace some of our services for the duration of the building work, which ended in September 2013.

The Students' Union alongside the University worked exceptionally hard to ensure it continued to provide the wide breadth of services to all of our members:

### Advice and welfare

The Student Advice Centre was relocated to a nearby building outside of the Students' Union building and member usage still increased: in 2012–13 our advisers opened 2,648 new cases, dealt with 2,122 repeat cases and completed 12,506 separate work items on behalf of students. Through its activities this year, the Advice Centre has gained £64,599 for students.

### Activities and sports

Thirty-eight new societies last year brought the total number of societies and working committees, supported by the Activities & Sports Zone, to 278 – our highest figure ever. The staff team provides advice, support and training to the 1,700 students holding leadership positions on society committees and ensures all activities are run safely, democratically and inclusively.

### Student voice

We use a variety of measures to ensure students have a strong voice in the Students' Union, University and wider community. Primarily, our eight Students' Union Officers (who are trustees) were elected by students. Nearly 9,000 students voted in the 2013 Student Officer Elections.

### Entertainments and events

Sheffield Students' Union offer a variety of arts, politics, lifestyle and culture events and talks as part of the FLASH! Programme. This year, in collaboration with the University, we launched the 'Inspiration & Co' programme of inspiring lectures voted for by students.

Our hard work in maintaining services whilst keeping our membership engaged and supported was truly recognised when the National Student Survey results were released. Sheffield Students' Union, for the second year running, was acknowledged by its members as the number one students' union in the UK.





University of Sheffield  
Students' Union



# Rankings

We are a world 100 University and currently one of the top-ranked institutions in the country for student satisfaction.

In the QS World University Rankings, the University of Sheffield was placed 71st out of more than 2,500 institutions across the world. We were ranked joint third in the country for student experience and our Students' Union retained the position of best in the country in the National Student Survey.

*We are a world 100 university and currently one of the top ranked institutions in the country for student satisfaction.*

World, European and UK rankings	Position
QS World university Rankings 2013	71st
Times Higher Education World Rankings 2013-14	13th (in the UK)
Times Higher Education World Rankings 2013-14	40th (in Europe)
Times Higher Education World Rankings 2013-14	112th (in the world)
Times Higher Education Student Experience Survey 2013	Joint 3rd
The Times and Sunday Times Good University Guide 2014	18th
Research Assessment Exercise 2008	Top 10
The Sunday Times University Guide 2013	18th
The Times Good University Guide 2013	21st
The Virgin Alternative Guide to British Universities 2012	'Top university across the board'

### Student satisfaction

The University achieved an overall satisfaction score of 90 per cent in the National Student Survey for the third year running – a score above the 86 per cent sector-wide average.

Satisfaction at Sheffield improved in 13 out of the 22 core questions and remained level in another seven. 90 per cent of students were satisfied with the quality of teaching on their course, an increase of 1 per cent against last year. 91 per cent of students were satisfied with learning resources, 84 per cent with their academic support, 85 per cent with organisation and management, and 84 per cent with personal development.

The University's Students' Union received a top satisfaction score of 93 per cent, making it the best in the country for the second year running. The University's Library Services were also exceptionally highly rated with a score of 94 per cent.

*The University's Students' Union received a top satisfaction score of 93 per cent, making it the best in the country for the second year running.*

### Joint third in the country for student experience

The Times Higher Education Student Experience survey rated our student experience as joint third in the country.

As well as scoring highly for good accommodation, student support and high quality facilities, the University achieved the highest score for social life and the Students' Union.

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, good community atmosphere, good support and extra-curricular activities.

### Student Barometer

The University also did well in the Student Barometer Survey.

Sheffield's Student Services Information Desk (SSID), Corporate Information and Computing Services (CiCS), Disability and Dyslexia Support Service, University Health Service, Careers Service, and Students' Union (including clubs and societies) all ranked as Russell Group leaders.

The University was ranked number one in the Russell Group for living and accommodation costs, the availability of financial support and the opportunity to earn money while studying.

The study, carried out by the International Graduate Insight Group, surveyed over 97,000 students in the UK.

# Our University at a glance

## Officers and the Council

### Officers of the University Session 2012–2013

The Chancellor

**Sir Peter Middleton**

The Pro Chancellors

**Mr P N Firth**

**Mr A P Pedder OBE** (Chairman of Council from August 2013)

**Mrs K E Riddle OBE** (Chairman of Council until July 2013)

The Treasurer

**Mr D E Young**

The Vice-Chancellor

**Professor Sir Keith Burnett**

The Cross Cutting Pro-Vice-Chancellors

**Professor R Hughes**, *International* (until June 2013)

**Professor R A L Jones**,

*Research and Innovation*

**Professor P E White**,

*Learning and Teaching*

The Faculty Pro-Vice-Chancellors

**Professor M Braddick**,

*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*

Registrar and Secretary

**Dr P K Harvey**

### The Council of the University Session 2012–2013

Ex-officio members

The Pro Chancellors

The Treasurer

The Vice-Chancellor

One Pro-Vice-Chancellor

**Professor P E White**

The Chairman of Convocation

**Mr R B Wrigley**

Persons appointed by the Council

**Dr D Bott**

**Dr S F Eden** (from December 2012)

**Ms S H Harkness**

**Mr J G Kelly**

**Ms A M Legg**

**Mr R Mason** (from December 2012)

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 R F W Jackson**

**Mr M J Lewis**

**Professor L L Maltby**

The President of the Union of Students

**Mr A Suleiman**

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

**Dr A D Kerr**

Secretary to the Council

**The Registrar and Secretary**

## Faculties and Departments

### Arts and Humanities

Archaeology

Biblical Studies

School of English

French

Germanic Studies

Hispanic Studies

History

School of Modern Languages and Linguistics (SOMLAL)

Music

Philosophy

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

School of Clinical Dentistry

School of Health and Related Research (ScHARR)

Human Communication Sciences

Human Metabolism

Infection and Immunity

The Medical School

Neuroscience

School of Nursing and Midwifery

Oncology

### Science

Animal and Plant Sciences

Biomedical Science

Chemistry

School of Mathematics and Statistics

Molecular Biology and Biotechnology

Physics and Astronomy

Psychology

### Social Sciences

Architecture

East Asian Studies

Economics

School of Education

Geography

Information School

Journalism Studies

Landscape

Law

Management

Politics

Sociological Studies

Town and Regional Planning

The Institute for Lifelong Learning

### International – City College, Thessaloniki

Business Administration and Economics

Computer Science

Executive Education Center

Humanities and Social Sciences

Psychology



# Financial Statements 2012–2013.







# 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. 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 performance of the University's business. 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 Charter 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 Financial Memorandum with the Higher Education Funding Council for England. 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. Following a review of Council effectiveness, a review of the University's Charter, Statutes and supporting Regulations was undertaken, with the aim of addressing issues of clarity, consistency and fitness for purpose and putting in place a set of governing instruments that are both relevant to current needs, future proof and consistent with legal and related requirements. The revised Charter and Statutes have now received Privy Council approval, and supporting Regulations have been approved by Council. Work on a scheme of delegation setting out the arrangements whereby Council delegates its powers to other bodies and individuals will be completed during 2013–14.

In addition to the Nominations Committee and the Senior Remuneration Committee 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 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 Code. 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 Resource Management, including Annual Reports of meetings with Campus Unions.

#### 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 Financial Memorandum 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 2013 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 Turnbull Guidance. The University has formally adopted the CUC (Committee of University Chairs) Governance Code of Practice which is principally committed to improving the effectiveness of governance structures and processes. The University manages risks through a Corporate Risk Register, which is reviewed regularly throughout the year and is considered by Council. There are also Faculty

and Operating 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.
  - d. The Council has delegated its responsibility for overseeing the management of strategic risks to the Risk Review Group, which is a subgroup 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.

- 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 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 Key Performance Indicators (KPIs), which can be benchmarked against other publicly available data sources, and which is regularly reviewed by the Council.
  - j. A five yearly effectiveness review of the Council is undertaken. This is a self evaluation of the Council's effectiveness and that of its Committees. The last review was considered at the November 2010 Council meeting.
  - k. The University keeps under regular review the policies, procedures and powers delegated by the Council to other bodies and individuals, including the Vice-Chancellor.
  - l. The Registrar and Secretary ensures 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 The University of Sheffield for the year ended 31 July 2013 which comprise the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Group Statement of 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 University. 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 University Council and Auditor

As explained more fully in the Statement of Responsibilities of Council Statement set out on page 48 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 and Financial Statements to identify material inconsistencies with the audited financial statements. 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 2013 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

## 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;
- Income has been applied in accordance with the University's Statutes; and
- Funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.



**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- The statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the University and group.

**Stephen Clark**

For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Leeds

28 November 2013

**Notes:**

- (a) The maintenance and integrity of the University of Sheffield website is the responsibility of the governing body; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# 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 a Financial 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 Financial 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 UK subsidiaries for the financial year to 31 July 2013. 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 FRS 2, 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 for prompt payment, 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



An interim valuation of the University's halls of residence and other residential properties was carried out on 31 July 2013 by Saxton Mee Commercial.

An interim 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 2013 by Saxton Mee Commercial.

A full valuation of academic, office, ancillary and support buildings was carried out on 31st July 2011 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 £50k 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 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.

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.

These valuations are retained subject to the requirement to test assets for impairment in accordance with FRS 11. 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 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, are 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 the 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 two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of Sheffield Pension Scheme (1975) (USPS). The schemes are defined-benefit schemes. The USS scheme is externally funded and contracted out of the State Second Pension (S2P). The USPS scheme is externally funded but is no longer contracted out of S2P. Each fund is valued every three years by professionally qualified independent actuaries. A small number of staff remain in other pension schemes.

Pension costs are assessed on the latest actuarial valuations of the Schemes and are accounted for on the basis of FRS 17, except for the USS, a multi-employer scheme, for which contributions are charged directly to the income and expenditure account as if the scheme were a defined contribution scheme. The USPS scheme's 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.

#### **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 2013			
	Note	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Income			
Funding Council grants	1	107.5	119.3
Tuition fees and education contracts	2	191.9	159.9
Research grants and contracts	3	114.4	108.8
Other income	4	68.3	60.2
Endowment and investment income	5	2.7	2.7
<b>Total income</b>		<b>484.8</b>	<b>450.9</b>
Less: Share of income from joint ventures		(5.0)	(4.0)
<b>Net income</b>		<b>479.8</b>	<b>446.9</b>
Expenditure			
Staff costs	6	247.5	231.3
Other operating expenses	7	170.5	152.1
Depreciation and impairment of assets	12, 13	40.8	38.0
Interest payable	8	6.2	6.2
<b>Total expenditure</b>	<b>9</b>	<b>465.0</b>	<b>427.6</b>
Surplus after depreciation of assets at valuation and before tax		14.8	19.3
Share of operating profit in joint venture		–	–
Share of operating profit in associate		–	0.5
Profit on sale of investments		0.1	0.1
(Loss)/profit on disposal of assets		(0.1)	0.2
<b>Surplus after depreciation of assets at valuation, disposal of assets and before tax</b>	<b>11</b>	<b>14.8</b>	<b>20.1</b>
Taxation	10	–	–
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		14.8	20.1
Minority interests		–	–
Deficit for the year transferred to accumulated income in endowment funds		(0.2)	(0.2)
<b>Surplus for the year retained within general reserves</b>		<b>14.6</b>	<b>19.9</b>

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

## Statement of group historical cost surpluses and deficits

Year ended 31 July 2013			
	Note	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Surplus on continuing operations before tax, minority interests and transfers to endowments		14.8	20.1
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	22	9.3	8.2
Realisation of property revaluation gains of previous years	22	0.7	0.3
<b>Historical cost surplus before tax, minority interests and transfers to endowments</b>		<b>24.8</b>	<b>28.6</b>
<b>Historical cost surplus after tax, minority interests and transfers to endowments</b>		<b>24.6</b>	<b>28.4</b>



## Statement of group total recognised gains and losses

Year ended 31 July 2013			
	Note	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets, tax and transfers to endowments		14.6	19.9
Unrealised surplus on revaluation of fixed assets	22	1.2	–
Appreciation in market value of endowment asset investments	21	3.6	–
Appreciation in market value of fixed asset investments	22	1.1	–
Endowment income retained for year	21	0.2	0.2
New endowments less realisations	21	–	(2.0)
Actuarial loss in respect of pension scheme	30	(19.4)	(6.0)
<b>Total recognised gains relating to the period</b>		<b>1.3</b>	12.1
Reconciliation			
Opening reserves and endowments		374.7	362.6
Total recognised gains for the year		1.3	12.1
<b>Closing reserves and endowments</b>		<b>376.0</b>	374.7

## Balance sheet as at 31 July 2013

	Note	As at 31 July 2013		As at 31 July 2012	
		Group £m	University £m	Group £m	University £m
<b>Fixed assets</b>					
Tangible assets	12	678.1	671.7	609.2	596.5
Investments	13	10.9	24.6	9.9	29.9
Investment in joint ventures					
Share of gross assets	13	1.9	–	2.0	–
Share of gross liabilities	13	(1.5)	–	(1.7)	–
Investment in associates	13	1.1	–	1.1	–
		<b>690.5</b>	<b>696.3</b>	620.5	626.4
Endowment assets	21	36.5	36.5	32.8	32.8
Debtors: due after more than one year	14	15.3	15.3	15.7	15.7
<b>Current assets</b>					
Stock		0.4	0.4	0.4	0.4
Asset intended for sale		1.6	1.6	1.6	1.6
Debtors	15	55.2	55.5	61.8	60.8
Investments		86.8	86.8	112.1	112.1
Cash at bank and in hand		24.3	11.3	26.4	13.8
		<b>168.3</b>	<b>155.6</b>	202.3	188.7
Creditors: amounts falling due within one year	16	(132.5)	(132.1)	(129.0)	(128.4)
<b>Net current assets</b>		<b>35.8</b>	<b>23.5</b>	73.3	60.3
<b>Total assets less current liabilities</b>		<b>778.1</b>	<b>771.5</b>	742.3	735.2
Less creditors: amounts falling due after more than one year	17	(82.2)	(82.2)	(84.9)	(84.9)
Less: provisions for liabilities	19	(1.4)	(1.4)	(1.3)	(1.3)
<b>Total net assets excluding pension liability</b>		<b>694.5</b>	<b>687.9</b>	656.1	649.0
Net pension liability	30	(70.2)	(70.2)	(55.4)	(55.4)
<b>Total net assets including pension liability</b>		<b>624.3</b>	<b>617.8</b>	600.7	593.6

	Note	As at 31 July 2013		As at 31 July 2012	
		Group £m	University £m	Group £m	University £m
<b>Deferred capital grants</b>	20	<b>248.4</b>	<b>248.4</b>	226.1	226.1
<b>Endowments</b>					
Expendable	21	8.0	8.0	7.2	7.2
Permanent	21	28.5	28.5	25.6	25.6
		<b>36.5</b>	<b>36.5</b>	32.8	32.8
<b>Reserves</b>					
Revaluation reserve	22	233.5	236.0	241.2	241.6
Pension reserve	24	(70.2)	(70.2)	(55.4)	(55.4)
General reserve	23	176.1	167.0	156.2	148.5
		<b>339.4</b>	<b>332.8</b>	342.0	334.7
<b>Minority interests</b>		–	–	(0.1)	–
<b>Total funds</b>		<b>624.3</b>	<b>617.8</b>	600.7	593.6

The financial statements on pages 49 to 74 were approved by the Council on 28 November 2013 and were signed on its behalf by:

**Mr. D. E. YOUNG, Treasurer**  
**Professor Sir K. BURNETT, Vice-Chancellor**  
**Mr. R. RABONE, Chief Financial Officer**

**The University of Sheffield**

## Consolidated cash flow statement

For the year ended 31 July 2013			
	Note	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Net cash inflow from operating activities	25	42.0	53.7
Returns on investments and servicing of finance	26	(2.2)	(2.7)
Taxation	10	–	–
Capital expenditure and financial investment	27	(64.4)	(31.7)
Management of liquid resources		25.3	(29.5)
Financing	28	(2.6)	(2.7)
Decrease in cash in the period	29	(1.9)	(12.9)

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

	Movement in year £m	Movement in year £m
(Decrease)/increase in cash at bank and call accounts	(25.3)	29.5
Decrease in cash at bank and call accounts	(1.9)	(12.9)
<b>Total (decrease)/increase in cash and liquid resources</b>	<b>(27.3)</b>	<b>16.6</b>

## Reconciliation of net cash flow to movement in net funds

	Note	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Decrease in cash for the year		(1.9)	(12.9)
(Decrease)/increase in short-term deposits		(25.3)	29.5
Decrease in debt		2.6	2.7
<b>Movement in net funds in the year</b>		<b>(24.6)</b>	<b>19.3</b>
Net funds at 1 August		56.0	36.7
<b>Net funds at 31 July</b>	29	<b>31.4</b>	<b>56.0</b>

## Notes to the accounts

**Note 1 Funding council grants**

	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Recurrent grant	94.9	106.0
Specific grants		
Teaching Agency grant	0.1	0.8
Higher Education Innovation Fund	2.6	2.3
Other	1.1	0.9
Deferred capital grants released in year		
Buildings (Note 20)	8.7	8.6
Equipment (Note 20)	0.1	0.7
	<b>107.5</b>	<b>119.3</b>

**Note 2 Tuition fees and education contracts**

	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Home full-time undergraduate students	66.1	47.4
Home full-time postgraduate students	11.2	9.8
Home part-time students	3.7	3.2
Overseas students	86.2	72.3
NHS education contracts	6.4	6.6
Research training support grants and other fees	18.3	20.6
	<b>191.9</b>	<b>159.9</b>

**Note 3 Research grants and contracts**

	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Research councils	36.9	39.7
UK-based charities	12.2	11.3
European Commission	18.0	15.2
Other grants and contracts	38.7	36.6
Release from deferred capital grants (Note 20)	8.6	6.0
	<b>114.4</b>	<b>108.8</b>

**Note 4 Other income**

	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Residences, catering and conferences	16.0	16.3
Other services rendered	17.2	15.9
Health authorities	8.6	7.8
Releases from deferred capital grants (Note 20)	3.4	4.0
Other income	18.1	12.2
Income from joint ventures	5.0	4.0
	<b>68.3</b>	<b>60.2</b>

**Note 5 Endowment and investment income**

	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Income from expendable endowments (Note 21)	0.2	0.1
Income from permanent endowments (Note 21)	0.9	0.8
Other investment income	1.6	1.0
	<b>2.7</b>	<b>2.7</b>



<b>Note 6 Staff</b>		
	<b>Year ended 31 July 2013 £m</b>	Year ended 31 July 2012 £m
Staff costs:		
Wages and salaries	<b>192.9</b>	181.0
Social security costs	<b>16.4</b>	15.1
Other pension costs (Note 30)	<b>38.2</b>	35.2
	<b>247.5</b>	231.3

	<b>Year ended 31 July 2013 £'000</b>	Year ended 31 July 2012 £'000
Emoluments of the Vice-Chancellor included above for the period 1 August 2012 to 31 July 2013		
Salary	<b>370</b>	265
Benefits in kind	<b>4</b>	4
	<b>374</b>	269
Employer pension contributions	–	27

Salary is the contractual salary before adjusting for salary sacrifice.

Information relating to the Vice-Chancellor's expenses claims paid in the financial year 2012–13 is available from the University's Freedom of Information Publication Scheme website.

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, was within the ranges set out as follows.

<b>Note 6 Staff (continued)</b>		
	<b>Year ended 31 July 2013 Number</b>	Year ended 31 July 2012 Number
£100,000 – £109,999	<b>18</b>	19
£110,000 – £119,999	<b>18</b>	14
£120,000 – £129,999	<b>13</b>	11
£130,000 – £139,999	<b>13</b>	10
£140,000 – £149,999	<b>14</b>	10
£150,000 – £159,999	<b>8</b>	8
£160,000 – £169,999	<b>6</b>	8
£170,000 – £179,999	<b>4</b>	3
£180,000 – £189,999	<b>1</b>	2
£190,000 – £199,999	<b>1</b>	–
£200,000 – £209,999	–	–
£210,000 – £219,999	–	2
£220,000 – £229,999	<b>1</b>	–
£230,000 – £239,999	–	1
£240,000 – £249,999	–	–
£250,000 – £259,999	–	–
£260,000 – £269,999	<b>1</b>	–

	<b>Full time equivalents</b>	Full time equivalents
Staff Numbers		
Academic	<b>2,034</b>	1,916
Academic services	<b>608</b>	545
Central administration and services	<b>517</b>	487
Premises	<b>430</b>	411
Research, grants and contracts	<b>1,539</b>	1,493
Residences, catering and conferences	<b>159</b>	166
Staff and student facilities	<b>164</b>	148
	<b>5,451</b>	5,166

## Notes to the accounts

**Note 7 Other operating expenses**

	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Consumables and laboratory expenditure	14.8	13.2
Books and periodicals	4.6	3.9
Printing, stationery and postage	4.1	4.0
Rates	1.1	1.1
Fellowships, scholarships, bursaries and prizes	38.6	33.6
Furniture and equipment	16.8	14.3
Heat, light, water and power	11.6	9.3
Repairs and general maintenance	14.0	13.1
Grants to University of Sheffield Students' Union	3.9	2.7
Rents	7.1	6.5
Auditors' remuneration	0.1	0.1
Auditors' remuneration in respect of non-audit services	0.1	0.2
Professional fees and bought in services	16.4	12.9
Provision for bad and doubtful debts	(0.5)	(0.1)
Administrative expenses	6.7	9.1
Travel and subsistence expenses	9.2	8.6
Payments to non-contracted staff	8.2	7.3
Conference and meeting expenditure	1.6	1.5
Professional subscriptions	1.7	1.4
Restructuring costs and redundancy payments	0.1	0.6
Student placement fees	2.0	2.0
Other expenses	8.3	6.8
	<b>170.5</b>	<b>152.1</b>

Auditors' remuneration for the University of Sheffield was £64,062 (2012: £62,279).

Travel and subsistence expenses includes £3,779 paid to members of the University Council (2012: £3,409).

No remuneration was paid to members of the University Council in respect of Council duties in the year (2012: £0).

The provision for bad and doubtful debts as at 31 July 2013 was £1,022,000.

**Note 8 Interest payable and similar charges**

	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Loans not wholly repayable within five years	4.9	5.1
Finance pension costs	1.3	1.1
	<b>6.2</b>	<b>6.2</b>

**Note 9 Analysis of 2012–2013 expenditure by activity**

	Staff costs £m	Operating expenses £m	Depreciation £m	Interest payable £m	Total £m
Academic departments	129.5	38.1	2.1	–	169.7
Academic services	17.5	12.7	1.7	–	31.9
Central administration and services	15.4	5.6	–	–	21.0
General educational expenditure	3.4	22.9	–	–	26.3
Staff and student facilities	5.6	6.2	1.0	–	12.8
Research grants and contracts	50.5	30.2	8.6	–	89.3
Residences, catering and conferences	3.9	13.4	(4.4)	–	12.9
Premises	10.4	27.1	25.2	4.9	67.6
Other expenses	11.3	14.3	6.6	1.3	33.5
	<b>247.5</b>	<b>170.5</b>	<b>40.8</b>	<b>6.2</b>	<b>465.0</b>
The depreciation charge has been funded by:					
Deferred capital grants released (Note 20)			20.8		
Revaluation reserve released (Note 22)			9.3		
General income			10.7		
			<b>40.8</b>		

**Note 10 Taxation**

The University has a group corporation tax charge of £48.1k (2011–2012: 17.6k).

The deferred tax provided is £15.0k (2011–2012: £19.5k).

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 2013 £m	Year ended 31 July 2012 £m
<b>Total</b>	<b>1.4</b>	<b>2.3</b>

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

	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
<b>The surplus on continuing operations for the period is made up as follows:</b>		
University's surplus for the period before loss on disposal of fixed assets	14.3	19.1
Profit on disposal of fixed assets and investments	–	0.3
Consolidation of subsidiary companies	0.5	0.2
Group surplus for the period	14.8	19.6
Share of associates' and joint ventures' profit	–	0.5
<b>Surplus on continuing operations before tax</b>	<b>14.8</b>	<b>20.1</b>

**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>					
<b>At 1 August 2012</b>					
Valuation	473.2	34.1	–	1.0	508.3
Cost	101.2	5.7	27.8	121.9	256.6
Additions at cost	24.2	–	62.7	21.0	107.9
Transfers	9.9	–	(13.1)	3.2	–
Gain on revaluation	4.2	–	–	–	4.2
Loss on revaluation	(7.5)	–	–	–	(7.5)
<b>Disposals</b>					
Valuation	(0.2)	(0.7)	–	–	(0.9)
Cost	–	–	–	(8.1)	(8.1)
<b>At 31 July 2013</b>					
<b>Valuation</b>	<b>469.7</b>	<b>33.4</b>	<b>–</b>	<b>1.0</b>	<b>504.1</b>
<b>Cost</b>	<b>135.3</b>	<b>5.7</b>	<b>77.4</b>	<b>138.0</b>	<b>356.4</b>
<b>Depreciation</b>					
At 1 August 2012	53.3	2.8	–	99.6	155.7
Charge for year	25.5	2.6	–	12.3	40.4
Impairment write down	0.4	–	–	–	0.4
Revaluation	(4.5)	(0.1)	–	–	(4.6)
Eliminated on disposals	(1.5)	–	–	(8.0)	(9.5)
<b>At 31 July 2013</b>	<b>73.2</b>	<b>5.3</b>	<b>–</b>	<b>103.9</b>	<b>182.4</b>
<b>Net book value</b>					
<b>At 31 July 2013</b>	<b>531.8</b>	<b>33.8</b>	<b>77.4</b>	<b>35.1</b>	<b>678.1</b>
<b>At 1 August 2012</b>	<b>521.1</b>	<b>37.0</b>	<b>27.8</b>	<b>23.3</b>	<b>609.2</b>

## Notes to the accounts

<b>Note 12 Tangible assets (University)</b>					
	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 2012					
Valuation	459.2	34.1	–	1.0	494.3
Cost	101.2	5.7	27.8	121.5	256.2
Additions at cost	30.5	–	62.7	20.9	114.1
Transfers	9.9	–	(13.1)	3.2	–
Gain on revaluation	4.1	–	–	–	4.1
Loss on revaluation	(5.8)	–	–	–	(5.8)
Disposals					
Valuation	(0.2)	(0.8)	–	–	(1.0)
Cost	–	–	–	(8.0)	(8.0)
<b>At 31 July 2013</b>					
<b>Valuation</b>	<b>457.3</b>	<b>33.3</b>	<b>–</b>	<b>1.0</b>	<b>491.6</b>
<b>Cost</b>	<b>141.6</b>	<b>5.7</b>	<b>77.4</b>	<b>137.6</b>	<b>362.3</b>
<b>Depreciation</b>					
At 1 August 2012					
	51.8	2.8	–	99.4	154.0
Charge for year	25.2	2.6	–	12.2	40.0
Impairment write down	0.4	–	–	–	0.4
Revaluation	(4.1)	(0.1)	–	–	(4.2)
Eliminated on disposals	–	–	–	(8.0)	(8.0)
<b>At 31 July 2013</b>					
	<b>73.3</b>	<b>5.3</b>	<b>–</b>	<b>103.6</b>	<b>182.2</b>
<b>Net book value</b>					
At 31 July 2013					
	<b>525.6</b>	<b>33.7</b>	<b>77.4</b>	<b>35.0</b>	<b>671.7</b>
At 1 August 2012					
	<b>508.7</b>	<b>37.0</b>	<b>27.8</b>	<b>23.1</b>	<b>596.5</b>

<b>Note 13 Fixed asset investments</b>				
	As at 31 July 2013		As at 31 July 2012	
	Group £m	University £m	Group £m	University £m
Balance at 1 August	11.3	29.9	10.7	30.0
Loans to associate companies	–	–	–	(0.1)
Appreciation/(depreciation) on revaluation	1.1	1.0	–	–
Impairment of fixed asset investments	–	(6.3)	–	–
Other net gains	–	–	0.6	–
<b>Balance at 31 July</b>	<b>12.4</b>	<b>24.6</b>	<b>11.3</b>	<b>29.9</b>
<b>Represented by:</b>				
Fixed interest stocks	1.4	1.4	1.4	1.4
Equities	4.8	4.8	3.7	3.7
Equities – group holdings	6.2	17.6	6.2	24.0
Loans to investments	–	0.8	–	0.8
<b>Total fixed asset investments</b>	<b>12.4</b>	<b>24.6</b>	<b>11.3</b>	<b>29.9</b>
<b>Fixed interest and equities at cost and bank balances</b>	<b>2.3</b>	<b>19.3</b>	<b>2.6</b>	<b>26.1</b>

**Investments in joint ventures and associates**

The institution has shareholdings in joint ventures and associates as detailed in note 33. 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 2013		As at 31 July 2012	
	Group £m	University £m	Group £m	University £m
Prepayment: capital contribution to residences project	15.3	15.3	15.7	15.7

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

	As at 31 July 2013		As at 31 July 2012	
	Group £m	University £m	Group £m	University £m
Debtors	39.6	39.9	40.7	39.7
Prepayment: capital contribution to residences project	0.5	0.5	0.5	0.5
Other prepayments and accrued income	15.1	15.1	20.6	20.6
	55.2	55.5	61.8	60.8

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

	As at 31 July 2013		As at 31 July 2012	
	Group £m	University £m	Group £m	University £m
Bank loans and overdrafts	2.7	2.7	2.7	2.7
Payments received in advance	68.3	68.3	72.4	72.4
Creditors	35.9	35.5	34.3	33.7
Social security and other taxation payable	5.4	5.4	5.2	5.2
Accruals	20.2	20.2	14.4	14.4
	132.5	132.1	129.0	128.4

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

	As at 31 July 2013		As at 31 July 2012	
	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	8.0	8.0	8.0	8.0
In five years or more	71.1	71.1	73.8	73.8
Long term creditor	0.4	0.4	0.4	0.4
	82.2	82.2	84.9	84.9

**Note 18 Borrowings: Summary of University borrowing at 31 July 2013**

Institution	Date	Term	Type	Interest	Due within one year £m	Due in more than one year £m
Unifund Plc	31 May 2007	40 years	Private placement	Fixed – 5.3300%	–	59.8
Scottish Widows	30 November 2007	15 years	Term loan	Fixed – 5.4750% Variable – 0.6832%	2.7	22.0
					2.7	81.8

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 July 2013 term loans previously held with Lloyds TSB plc were transferred to Scottish Widows plc at the request of Lloyds TSB. There is no change in the terms and conditions of the loans.

## Notes to the accounts

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

	Retirement Costs £m	Other £m	Total £m
At 31 July 2012	0.9	0.4	<b>1.3</b>
Utilised in year	(0.3)	(0.3)	<b>(0.6)</b>
Transfer from income and expenditure account	–	0.7	<b>0.7</b>
<b>At 31 July 2013</b>	<b>0.6</b>	<b>0.8</b>	<b>1.4</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 Source Regulations of 2005 (SI2005 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 2012			
Buildings	118.7	85.2	<b>203.9</b>
Equipment	12.4	9.8	<b>22.2</b>
<b>Total</b>	<b>131.1</b>	<b>95.0</b>	<b>226.1</b>
Cash received			
Buildings	6.0	16.8	<b>22.8</b>
Equipment	–	20.3	<b>20.3</b>
<b>Total</b>	<b>6.0</b>	<b>37.1</b>	<b>43.1</b>
Released to income and expenditure			
Buildings (Notes 1, 3 and 4)	(8.7)	(3.8)	<b>(12.5)</b>
Equipment (Notes 1, 3 and 4)	(0.1)	(8.2)	<b>(8.3)</b>
<b>Total</b>	<b>(8.8)</b>	<b>(12.0)</b>	<b>(20.8)</b>
<b>At 31 July 2013</b>			
<b>Buildings</b>	<b>116.0</b>	<b>98.2</b>	<b>214.2</b>
<b>Equipment</b>	<b>12.3</b>	<b>21.9</b>	<b>34.2</b>
<b>Total</b>	<b>128.3</b>	<b>120.1</b>	<b>248.4</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 2013 £m
<b>Balances at 31 July 2012</b>					
Capital	6.6	15.0	21.6	6.8	28.4
Accumulated income	–	4.0	4.0	0.4	4.4
	6.6	19.0	25.6	7.2	32.8
New endowments received	–	0.1	0.1	0.1	0.2
Investment income (Note 5)	0.3	0.6	0.9	0.2	1.1
Expenditure	(0.3)	(0.5)	(0.8)	(0.2)	(1.0)
Realisations	–	–	–	(0.2)	(0.2)
Increase in market value	0.8	1.9	2.7	0.9	3.6
<b>At 31 July 2013</b>	7.4	21.1	28.5	8.0	36.5
<b>Representing:</b>					
Fellowships and scholarship funds	–	12.7	12.7	1.9	14.6
Prize funds	–	1.1	1.1	0.6	1.7
Chairs and lectureship funds	–	3.8	3.8	0.1	3.9
Other funds	7.4	3.5	10.9	5.4	16.3
	7.4	21.1	28.5	8.0	36.5
<b>Represented by:</b>					
Capital	7.4	17.2	24.6	7.3	31.9
Accumulated income	–	3.9	3.9	0.7	4.6
	7.4	21.1	28.5	8.0	36.5
<b>The value of Endowment Asset Investments at 31 July 2013 was represented by:</b>					
Fixed interest stocks					8.0
Equities					23.6
Bank balances					4.8
Total endowment assets					36.5

**Linked charities**

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

	Brought Forward £m	Additions & 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	4.0	–	0.5	0.2	(0.2)	4.5
<b>Funds and charities with income below £100,000:</b> Endowed funds (4) and non-endowed funds (1)	0.4	–	0.1	–	–	0.5

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 2013		As at 31 July 2012	
		Group £m	University £m	Group £m	University £m
Balance at 1 August	– Tangible assets	237.1	237.8	245.6	246.0
	– Investments	4.1	3.8	4.1	3.8
		241.2	241.6	249.7	249.8
Revaluation in year	– Tangible assets	1.2	2.5	–	–
	– Investments	1.1	1.1	–	–
Released to income & expenditure account on sale of tangible asset		(0.7)	(0.7)	(0.3)	(0.1)
Contribution to depreciation		(9.3)	(8.4)	(8.2)	(8.1)
Balance at 31 July	– Tangible assets	228.3	231.2	237.1	237.8
	– Investments	5.2	4.9	4.1	3.8
		233.5	236.1	241.2	241.6

## Notes to the accounts

**Note 23 General reserve**

	As at 31 July 2013		As at 31 July 2012	
	Group £m	University £m	Group £m	University £m
Balance at 31 July 2012	156.2	148.5	131.2	124.5
Surplus after depreciation of assets	14.6	14.2	19.9	19.1
Release from revaluation reserve	10.0	9.0	8.5	8.3
	<b>180.8</b>	<b>171.7</b>	<b>159.6</b>	<b>151.9</b>
Pension surplus transferred to pension reserve	(4.7)	(4.7)	(3.4)	(3.4)
<b>Balance at 31 July 2013</b>	<b>176.1</b>	<b>167.0</b>	<b>156.2</b>	<b>148.5</b>

**Note 24 Pension reserve**

	As at 31 July 2013		As at 31 July 2012	
	Group £m	University £m	Group £m	University £m
Balance at 31 July 2012	(55.4)	(55.4)	(52.8)	(52.8)
Actuarial loss in respect of pension scheme	(19.5)	(19.5)	(6.0)	(6.0)
Pension surplus retained in reserve	4.7	4.7	3.4	3.4
<b>Balance at 31 July 2013</b>	<b>(70.2)</b>	<b>(70.2)</b>	<b>(55.4)</b>	<b>(55.4)</b>

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

	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Surplus for the year	14.6	19.9
Depreciation and impairments	40.8	38.0
Fixed asset investment other net gains	–	(0.6)
(Gain)/loss on disposal of assets	(0.7)	0.3
Deferred capital grants released to income (Note 20)	(20.8)	(19.3)
Pension costs less contributions payable	(4.7)	(3.4)
Other net losses	–	0.3
Investment income	(2.7)	(2.6)
Interest payable	4.9	5.1
Decrease/(increase) in debtors	7.0	(7.6)
Increase in creditors	3.5	24.4
Increase/(decrease) in provisions	0.1	(0.8)
<b>Net cash inflow from operating activities</b>	<b>42.0</b>	<b>53.7</b>

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

	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Income from endowments	1.1	0.7
Income from short-term investments	1.6	1.7
Interest paid	(4.9)	(5.1)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(2.2)</b>	<b>(2.7)</b>



**Note 27 Capital expenditure and financial investment**

	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Tangible assets acquired	(107.9)	(54.8)
Endowment asset investments acquired	–	(0.3)
<b>Total fixed and endowment asset investments acquired</b>	<b>(107.9)</b>	<b>(55.1)</b>
Deferred capital grants received	43.1	22.9
Utilisation of endowment fund balances	0.2	0.2
Endowments received	0.2	0.3
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(64.4)</b>	<b>(31.7)</b>

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

	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Balance at 31 August	87.1	89.8
Capital repayments	(2.6)	(2.7)
<b>Balance at 31 July</b>	<b>84.5</b>	<b>87.1</b>

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

	At 1 August 2012 £m	Cash Flows £m	At 31 July 2013 £m
Cash at bank and in hand			
Endowment assets	4.7	0.1	4.8
Other	13.8	10.4	24.2
Deposits repayable on demand	12.5	(12.4)	0.1
<b>Total cash at bank and in hand</b>	<b>31.0</b>	<b>(1.9)</b>	<b>29.1</b>
Short-term deposits	112.1	(25.3)	86.8
Debt due within one year	(2.7)	–	(2.7)
Debt due after one year	(84.4)	2.6	(81.8)
<b>Total net funds</b>	<b>56.0</b>	<b>(24.6)</b>	<b>31.4</b>

## Notes to the accounts

### Note 30 Pension schemes

Different categories of staff were 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 ceased during the previous year. Secondly, the National Health Service Pension Scheme (NHSPS), a defined-benefit scheme contracted out of the State Second Pension (S2P), which is 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 2013 £m	Year ended 31 July 2012 £m
USS	34.4	31.2
USPS including FRS 17 adjustments	2.3	2.5
Other pension schemes	1.5	1.5
	<b>38.2</b>	<b>35.2</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 latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for 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. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2013 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3 per cent from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2 per cent for CPI which corresponds broadly to 2.75 per cent for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1 per cent per annum salary increases would be 4.4 per cent per annum (with short-term general pay growth at 3.65 per cent per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4 per cent per annum for 3 years following the valuation then 2.6 per cent per annum thereafter.

At the valuation date the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92 per cent of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4 per cent per annum (the expected return on gilts) the funding level was approximately 68 per cent. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 93 per cent funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57 per cent of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS 17 formula as if USS was a single employer scheme, using AA bond discount rate of 5.5 per cent per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82 per cent.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is inline with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95 per cent. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

**Note 30 Pension schemes (continued)**

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high.

Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date the scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16 per cent of Salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the valuation effective date there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011.

These include:

*New entrants*

Other than in specific, limited circumstances, new entrants are now provided benefits on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

*Normal pension age*

The normal pension age was increased for future service and new entrants, to age 65.

*Flexible retirement*

Flexible retirement options were introduced.

*Members contributions increased*

Contributions were uplifted to 7.5 per cent per annum and 6.5 per cent per annum for FS Section members and CRB Section members respectively.

*Cost sharing*

If the total contribution level exceeds 23.5 per cent of Salaries per annum, the employers will pay 65 per cent of the excess over 23.5 per cent and members would pay the remaining 35 per cent to the fund as additional contributions.

*Pension increase cap*

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5 per cent. If official pensions increase by more than 5 per cent then USS will pay half of the difference up to a maximum increase of 10 per cent.

The actuary has estimated that the funding level as at 31 March 2013 under the scheme specific funding regime had fallen from 92 per cent to 77 per cent. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are cited as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2013 estimation.

**Note 30 Pension schemes (continued)**

On the FRS 17 basis, using an AA bond discount rate of 4.2 per cent per annum based on spot yields, the actuary estimated that the funding level at 31 March 2013 was 68 per cent. An estimate of the funding level measured on a historic gilts basis at that date was approximately 55 per cent.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

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

At 31 March 2013, USS had over 148,000 active members and the institution had 3,824 active members participating in the scheme. The total pension cost for the institution was £34.4 million (2011–12 £31.2 million). The contribution rate payable by the institution was 16 per cent of pensionable salaries.

**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 FRS 17, disclosure is required for the University of Sheffield Pension Scheme.

**(ii) The University of Sheffield Pension Scheme (USPS)****The University of Sheffield Pension Scheme and ex-gratia pension liabilities FRS 17 disclosure information for accounting period ending 31 July 2013**

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 2011 by a professionally qualified actuary.

During the year to 31 July 2013 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 £432,000 per annum. These liabilities are not separately funded.

## Notes to the accounts

## Note 30 Pension schemes (continued)

## Assumptions

The financial assumptions used to calculate scheme liabilities under FRS 17 are:

	At 31 July 2013 %pa	At 31 July 2012 %pa
Price Inflation (RPI)	3.26	2.65
Price Inflation (CPI)	2.46	1.85
Rate of increase in salaries	4.51	3.90
Rate of increase of pensions in payment for USPS members	2.46	1.85
Rate of increase of pensions in payment for ex-gratia pensioners*	3.26	2.65
Increases to deferred pensions before retirement	2.46	1.85
Discount rate	4.48	4.70

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

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 2012	21.6	23.8	24.1	26.5
At 31 July 2013	21.7	23.9	24.5	26.8

## Note 30 Pension schemes (continued)

## 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 2013 £m	Fair value as at 31 July 2012 £m	Fair value as at 31 July 2011 £m
Equities	91.1	85.8	91.7
Government bonds	6.1	10.1	7.8
Corporate bonds	27.2	1.9	0.8
Property	–	5.7	4.6
Cash	1.1	3.8	3.5
<b>Total</b>	<b>125.5</b>	<b>107.3</b>	<b>108.4</b>

	31 July 2013 % pa	31 July 2012 % pa	31 July 2011 % pa
The weighted average expected long-term rates of return were:	6.24	5.76	7.14



**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 £195.7 million and £0 million of the total assets

	Year to 31 July 2013 £m	Year to 31 July 2012 £m
<b>Analysis of the amount shown in the balance sheet for USPS and ex-gratia pensions:</b>		
Scheme assets	125.5	107.3
Scheme liabilities	(195.7)	(162.7)
<b>Deficit in the scheme – net pension liability</b>	<b>(70.2)</b>	<b>(55.4)</b>
<b>Analysis of the amount charged to staff costs within operating surplus for USPS:</b>		
Current service cost	2.3	2.8
Past service costs	–	–
<b>Total operating charge:</b>	<b>2.3</b>	<b>2.8</b>
<b>Analysis of the amount charged to interest payable/credited to other finance income for USPS and ex-gratia pensions</b>		
Interest cost	7.6	8.6
Expected return on assets	(6.3)	(7.8)
<b>Net charge to other finance income</b>	<b>1.3</b>	<b>0.8</b>
<b>Total profit and loss charge before deduction for tax</b>	<b>3.6</b>	<b>3.6</b>
<b>Analysis of amounts recognised in STRGL for USPS and ex-gratia pensions:</b>		
(Gain)/loss on assets	(9.0)	11.1
Experience gain on liabilities	(0.1)	(9.5)
Loss on liabilities	28.5	4.4
<b>Total gain recognised in STRGL before deduction for tax</b>	<b>19.4</b>	<b>6.0</b>

**Note 30 Pension schemes (continued)****History of experience gains and losses – USPS and ex-gratia pensions**

	Year to 31 July 2013 £m	Year to 31 July 2012 £m	Year to 31 July 2011 £m	Year to 31 July 2010 £m	Year to 31 July 2009 £m
<b>Difference between actual and expected return on scheme assets:</b>					
Amount (£m)	(9.0)	11.1	(5.5)	(7.8)	13.8
% of assets at end of year	7%	10%	5%	8%	18%
<b>Experience gains on scheme liabilities:</b>					
Amount (£m)	(0.1)	(9.5)	–	(0.2)	(2.2)
% of liabilities at end of year	–	6%	–	3%	2%

## Notes to the accounts

## Note 30 Pension schemes (continued)

	At 31 July 2013 £m	At 31 July 2012 £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	16.9	10.9
Cumulative actuarial losses recognised at the end of the year	36.3	16.9

	Year to 31 July 2013 £m	Year to 31 July 2012 £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>	162.7	161.2
Current service cost (net of member contributions)	2.3	2.8
Past service cost	–	–
Interest cost	7.6	8.6
Actual member contributions (including notional contributions)	0.3	0.2
Actuarial loss/(gain)	28.4	(5.1)
Actual benefit payments	(5.6)	(4.9)
<b>Present value of USPS and ex-gratia liabilities at the end of the year</b>	195.7	162.8

## Note 30 Pension schemes (continued)

	Year to 31 July 2013 £m	Year to 31 July 2012 £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>	107.3	108.4
Expected return on assets	6.2	7.8
Actuarial gain/(loss) on assets	9.0	(11.1)
Actual contributions paid by University	7.9	6.5
Actual member contributions (including notional contributions)	0.2	0.2
Actual benefit payments	(5.1)	(4.5)
<b>Fair value of scheme assets at the end of the year</b>	125.5	107.3

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

	31 July 2013 £m	31 July 2012 £m
<b>Actual return on scheme assets</b>		
Expected return on scheme assets	6.2	7.8
Asset gain/(loss)	9.0	(11.1)
<b>Actual return on scheme assets</b>	15.2	(3.3)

Estimated contributions for USPS in the Financial Year 2013–14 is £8 million.

**Note 31 Capital commitments**

	At 31 July 2013 £m	At 31 July 2012 £m
Commitments contracted for	85.9	64.4
Authorised but not contracted for	39.7	32.4
	125.6	96.8

**Note 32 Financial commitments**

	At 31 July 2013 £m	At 31 July 2012 £m
Operating lease commitments in respect of buildings and equipment for the 2012–2013 financial year, on leases expiring:		
Within one year	–	0.1
Between two and five years	1.3	0.8
Over five years	0.1	0.6
	1.4	1.5

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 33 University companies**

Subsidiary companies	%	
AMRC Management Ltd	76.0	Advanced manufacturing research
Castings Technology International Ltd	100.0	Advanced casting manufacturing and research
epiGenesys Limited	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
Sheffield University Enterprises Ltd	100.0	Commercialisation of University intellectual property
The National Metals Technology Centre Ltd	*	Licensing of NAMTEC name to the University
TUOS Parking Ltd	100.0	Car park services
Unicus Sheffield Ltd	100.0	Food services

\* Limited by guarantee

**Note 33 University companies (continued)**

Associate Companies	%	
Blastech Ltd	24.8	Blast, impact and ballistic testing services
Conteque Ltd	24.9	Novel reinforcement systems for structural concrete
Energy and Power Technology Ltd	42.0	Testing services for research & development
Full Scale Dynamics Ltd	25.0	Technical testing and analysis
High Value Manufacturing Catapult	28.6	Grants managing
Knowledge Now Limited	50.0	Semantic based solutions for knowledge sharing
Knowledge Flo Ltd	51.7	Holding company
Limit State Ltd	25.0	Computational limit analysis and software design
The Flow Ltd	51.7	Telematics for use in the insurance and motor industries
Vulcan Solutions Ltd	35.0	Structural fire engineering software tool
Webelements Ltd	30.0	Web publications
White Rose Technology Ltd	40.0	Investment in new technology companies

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

Myscience.co Ltd	25.0	Provision, maintenance & support of the teaching & learning of science
N8 Ltd	12.5	A partnership of research-intensive universities in the north of England
Worldwide Universities Network	16.7	Promotes research and distributes e-learning
YHMAN Ltd	11.1	Procurement, operation and management of a metropolitan area network

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

## Notes to the accounts

**Note 34 Hardship funds**

	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Balance unspent at 1 August	–	–
Funding council grants	<b>0.3</b>	0.3
	<b>0.3</b>	0.3
Disbursed to students and administration expenses	<b>(0.3)</b>	(0.3)
<b>Balance unspent at 31 July</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 35 ITT training bursaries**

	Year ended 31 July 2013 £m	Year ended 31 July 2012 £m
Balance unspent at 1 August	–	0.1
TDA grant received	<b>1.4</b>	0.5
	<b>1.4</b>	0.6
Disbursed to students	<b>(1.3)</b>	(0.6)
<b>Balance unspent at 31 July</b>	<b>0.1</b>	–

TDA grants for ITT Bursaries are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

**Note 36 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 FRS 8 (Related Party Disclosures).

Related Party	Year ended 31 July 2013	Year ended 31 July 2013	Balances at 31 July due to/(from) the University £m
	Income £m	Expenditure £m	
<b>University companies</b>			
AMRC Manufacturing Ltd	(0.1)	0.4	–
Bioserve Ltd	(0.1)	–	–
Blastech Ltd	(0.1)	–	–
Fusion IP plc	(0.2)	0.1	–
N8 Ltd	(1.2)	–	–
Northern Consortium UK Ltd	–	0.4	–
Risk2Value Ltd	(0.1)	0.2	–
Sheffield Advisory Services Ltd	–	0.1	–
The Russell Group of Universities	–	0.1	–
<b>Organisations and companies in which members of Council or senior management have an interest:</b>			
Centre for Low Carbon Futures Ltd	–	0.1	– Prof Sir Keith Burnett
Children's Hospital Charity Ltd	(1.5)	0.3	(0.2) Mr P N Firth
Rotherham NHS Foundation Trust	(0.1)	0.2	– Ms A M Legg
Sheffield City Council	(0.3)	1.2	– Mr A Nolan
Sheffield Teaching Hospitals Foundation Trust	(14.1)	7.3	(0.3) Mr A P Pedder & Prof A P Weetman
Yorkshire and the Humber Strategic H.A.	(5.2)	–	– Mrs K E Riddle & Ms S H Harkness

Copyright © 2014 The University of Sheffield 0278Mktg

This publication is available in different formats.

To request an alternative format:

Tel: +44 (0) 114 222 1303

Email: [disability.info@sheffield.ac.uk](mailto:disability.info@sheffield.ac.uk)





The  
University  
Of  
Sheffield.

[www.sheffield.ac.uk](http://www.sheffield.ac.uk)