



The  
University  
Of  
Sheffield.

To  
Discover  
And  
Understand.

# Annual Report & Financial Statements 2010–2011.

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## Vice-Chancellor's introduction

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A highlight for the University, and the culmination of the efforts of years for many, took place in November 2010. The University welcomed Her Majesty the Queen and the Duke of Edinburgh to open the Sheffield Institute for Translational Neuroscience (SITraN).

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**Professor Keith Burnett**

Charles Dickens opened his *A Tale of Two Cities* with the famous lines:

“It was the best of times, it was the worst of times... it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to heaven, we were all going direct the other way.”

Looking back on 2010–2011 for higher education in the UK, those words have an uncanny relevance to the triumphs and challenges which characterised a year of change.

Perhaps more than at any other time in the working memory of University staff, there is a sense that universities are undergoing a time of extraordinary challenge. Faced by a controversial White Paper on university funding which led to a much-debated increase in undergraduate tuition fees and a clear reduction in the public funding of UK universities, there have been real concerns that a hard-won global reputation for outstanding research and teaching in UK universities may be under threat.

And yet here in Sheffield the achievements of this year have been nothing short of outstanding. In 2010–2011, Sheffield showed itself to be a quality research-led University, but also a community with values, confidence, flair and our sleeves rolled-up. Despite this year's challenges our staff and students showed a steel which gives us confidence for the future.

United around a shared Mission, Vision and Aims, staff and students' passion to understand and to use their knowledge to address problems and challenges in the wider world, must be at the core of our University.

### A year of achievement

Again and again, the strengths of the University have been demonstrated by high-profile achievements and an ongoing excellence in research and teaching across all of our faculties of which we are justifiably proud.

We are delighted to be named as the Times Higher Education University of the Year. Judges said that the University “stood out as a result of a strategy based on its values and rooted in its founding principles”.

A highlight for the University, and the culmination of the efforts of years for many, took place in November 2010. The University welcomed Her Majesty the Queen and the Duke of Edinburgh to open the Sheffield Institute for Translational Neuroscience (SITraN).



Professor Keith Burnett  
Vice-Chancellor

This inspiring £12 million research centre into Motor Neurone Disease and other related neurological disorders such as Parkinson's and Alzheimer's disease offers new hope for treatments for these life-changing disorders.

Through the vision of medics, charities and individuals personally affected by these devastating conditions, generous donations of £8 million from benefactors were matched by public funding to bring together medical expertise, computer modelling and an understanding of drug therapies to speed the application of knowledge into treatment. The result is a centre which is already attracting the best researchers in the field from around the world, keen to make breakthroughs which will transform the experiences of so many

From SITraN, the Queen visited yet another focal point for pride in our resolute approach to putting scholarship to work. The University of Sheffield Advanced Manufacturing Research Centre is now widely agreed to be the UK's leading university-manufacturing industry collaboration. Alongside Boeing and Rolls-Royce, more than 60 partner companies work in a carbon-neutral Factory of the Future alongside 200 University staff (75 per cent are postgraduates) and 50 Prince's Trust apprentices.

On reclaimed colliery land, the centre's initial focus on machining and manufacturing processes has grown dramatically in the ten years since it was founded.

It now includes composites, forging, prototyping, a new Industrial Doctorate Centre and a major new partnership to support manufacturing for the development of nuclear energy generation. The Queen toured the impressive premises, meeting University staff and industrialists, and used virtual reality technology to lead the ground breaking ceremony for the Nuclear Advanced Manufacturing Research Centre, along with a range of prestigious partners led by Rolls-Royce.

In fact, this was the first of a series of powerful accolades for the hand-in-glove collaboration between research and industry. Within weeks of the royal visit, Rolls-Royce announced that it would build two new factories alongside the University's centre, and that a further factory to be located in the North East is staying in the UK due to work undertaken with manufacturers and the University of Sheffield.

Such an impact also caught the attention of Government. In a speech to the CBI, the Prime Minister cited the work on advanced manufacturing undertaken at Sheffield as just the kind of model the Government wished to strengthen through a network of Technology Innovation Centres. Considered an exemplar of how the UK economy might secure growth and respect within the global economy, this view was endorsed in a remarkable way when the AMRC was named 'Boeing Supplier of the Year' amid competition from 17,000 companies globally – the first time this title had ever gone to a UK company, never mind a University.

### Impact with a human face

Yet the powerful contributions of our research on health and the economy, on the world around us and the city and region on our doorstep, were not our only source of impact.

Perhaps our most profound transformation is in the lives of our students, and the changes they make for the good throughout the world, not only as graduates but also while they are still studying in Sheffield.

As well as looking outwards, the University of Sheffield is right to pay tribute to the human strengths within. It has been vital to us to see our students not just as consumers but as producers of knowledge, creativity and impact.

In a year in which the public images of students were often dominated by protests on fees, our award-winning student volunteers exemplified enterprise, employability and community cohesion. From the mentoring of disadvantaged pupils from all backgrounds through to activities reflecting students' own experience and skills, Sheffield Volunteering made a profound difference: 1,310 students and staff from 55 departments supported over 200 local charities and community groups with £178,000 raised for local good causes. Charities ranged from clubs for children with brain injury or those affected by family bereavement, to specialist legal advice for local charities and the development of adaptive technologies to enhance mobility. Such work ranged from the local to the international and bonded staff and students in a shared desire to make a difference.

It is of course an honour to be considered to be within the top 100 of universities around the world, and such a position is only possible because of the talent and commitment of some extraordinary staff. These tributes are enhanced by our outstanding performance in the National Student Satisfaction Survey and the fact that Union of Students (rated top in the country) is the only one in the UK to have received a gold award in the student evaluation initiative.

### A changing campus, a global University

In this past year, the physical face of the University of Sheffield has also changed. We have seen the completion of the renovation of the University Library and the refurbishment of the Arts Tower, as well as active use of the Jessop West site by Arts and Humanities. The extended Union of Students was also completed and ready to open its doors to a new intake of students, keen to benefit from facilities and services acknowledged as the best in the UK.

Despite economic constraints, investing in quality continues to be a priority for the University and at the end of 2010–2011 we announced the first phase of an expansion of our top-rated Faculty of Engineering, with an Engineering Graduate School and new teaching labs befitting the quality and reputation of the education we continue to offer to our students.

Yet developments have not only taken place on our own campus. The University of Sheffield is a global community and operates with partner institutions around the world. As well as well over 100 nationalities represented in our student body, through our International Faculty with partners such as City College in Thessaloniki, we have this year expanded our course offering in South East Europe from Macedonia and Istanbul to Sofia and Bucharest.

.....  
 I am confident Sheffield  
 will continue to  
 transform and inspire.  
 We make our own  
 history in the reality  
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 .....

**Professor Keith Burnett**

From educational partnerships in China and Malaysia to working with business and government in Mexico, the University continues to seek out opportunities fitting to our educational standing and appropriate to our research strengths. A hundred years after the University was founded, the boundaries of our community of knowledge have stretched to encompass students and graduates from around our world. Indeed, some of us would not stop there and this year a group of Sheffield students sent a helium-filled balloon fitted with videos into the edge of earth's atmosphere, resulting in breathtaking images of our planet and reminding us yet again that a parochial view makes little sense when you have the bigger picture.

So it was that in 2010–2011, as in all turbulent political times, challenge not only added pressures but also revealed the true makeup of those who faced it. As Vice-Chancellor, despite understandable concerns for the wider context of higher education, amongst my colleagues and in our students I saw the strengths of this University shine through. Our strong foundation of scholarship and shared values has been trustworthy in a period of ongoing change.

In the coming years, I am confident this will continue to be the case and that Sheffield will continue to transform and inspire. We make our own history in the reality of the times in which we live. I am certain that we will forge our future in ways in which knowledge and understanding will continue to be sought and shared by people whose ambition is not simply to discover and understand for its own sake, but to make a positive difference in the world.

**Professor Keith Burnett**  
 Vice-Chancellor

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Our strengths have  
been demonstrated  
by high-profile  
achievements and an  
ongoing excellence in  
research and teaching.  
.....



## Chairman's foreword



Kathryn Riddle  
Chairman

The academic year 2010–2011 has been filled with both challenge and opportunity. In a period marked by significant policy change in relation to home undergraduate tuition fees and public funding, the University has worked harder than ever to achieve its mission, vision and aims in a rapidly changing world.

Determined not merely to be buffeted by circumstance, the University of Sheffield can be rightly proud of its many achievements in line with its founding principles.

Outstanding students have made a real contribution to the city and region before heading into the world as well-respected graduates with the knowledge and skills to make a difference.

The University's research has made a major impact on economic growth in particular in our manufacturing base. Important contributions to health and well-being have been made through largely benefactor-funded new research centres into major illnesses such as Motor Neurone Disease and Alzheimers.

Our scientists and engineers have taken on challenges in the environment and food production, making breakthroughs in the production of alternative energy and food security.

Moreover, our Social Sciences and Arts and Humanities faculties have supported the development of public policy, as well as investigated profound questions of what it has meant to be human both now and throughout history – insights we arguably need now more than ever before.

All this was achieved as the University sought to use prudent measures to reduce expenditure where possible to ensure greater sustainability for a challenging future of reducing public funding. I am delighted to say that the financial results included in this report demonstrate real success in this endeavour.

But most of all, the University found strength in its renewed vision as a University of recognised international quality, well within the top 100 of universities globally, while not turning its back on its founding values of making that education and knowledge available to the good of its city and region, and to young people regardless of background with the ability to succeed.

It is this particular quality which led the judges of the *Times Higher Education* to review the period of 2010–2011 and to name The University of Sheffield as its UK 'University of the Year'. It cited its 'grit and determination' in pursuing quality in line with its values as a truly civic university – a just endorsement of success and a shared ambition to use knowledge for good.

**Kathryn Riddle**  
Chairman



# Report of the Treasurer 2010–2011

## Financial performance

The 2010–2011 results reflect a robust position with an operating surplus of £30.2 million (6.8 per cent of total income) and an historic cost surplus of £40.2 million (9.3 per cent of total income). Income has grown by 5.0 per cent whilst expenditure has grown by 2.7 per cent. These results keep the University in a strong position in a challenging economic climate and as we enter a turbulent period of change in sector funding.

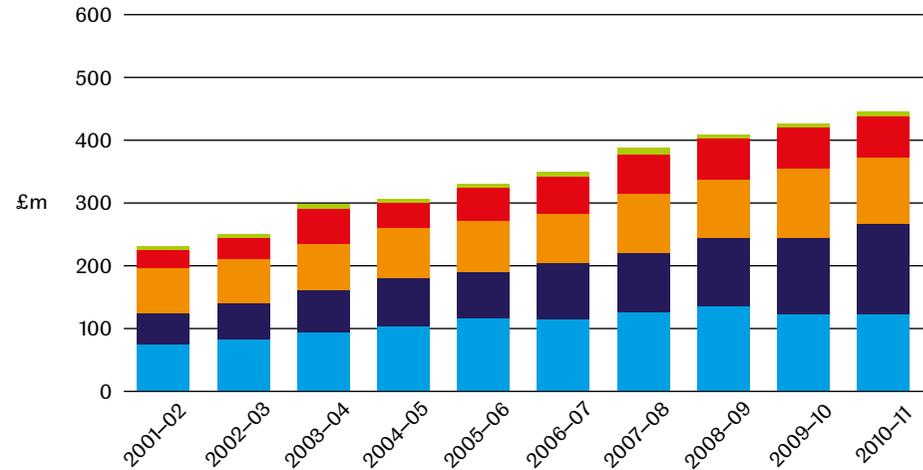
Summary income and expenditure account		
	Year Ended 31 July 2011	Year Ended 31 July 2010
	£m	£m
<b>Income</b>		
Funding Council grants	125.9	125.8
Tuition fees and education contacts	144.3	126.8
Research grants and contracts	101.3	98.7
Other income	56.8	55.6
Endowment and investment income	1.7	1.6
	<b>430.0</b>	<b>408.5</b>
<b>Staff and operating expenditure</b>		
Staff costs	221.4	218.2
Other operating expenses	135.1	130.1
	<b>356.5</b>	<b>348.3</b>
	<b>73.5</b>	<b>60.3</b>
<b>Operating surplus before interest and depreciation</b>		
<b>Depreciation and interest payable expenditure</b>		
Depreciation	37.7	33.3
Interest payable	6.6	8.5
	<b>44.3</b>	<b>41.8</b>
	<b>29.2</b>	<b>18.4</b>
<b>Operating surplus before tax</b>		
Profit/(loss) on investments and assets	0.8	(1.4)
Other items	0.2	(0.3)
	<b>30.2</b>	<b>16.8</b>
<b>Surplus on continuing operations</b>		
Historical cost adjustments	10.0	8.9
	<b>40.2</b>	<b>25.6</b>
<b>Historical cost surplus</b>		
Ratio of current assets to current liabilities	1.7	1.3
Net cash inflow from operating activities as a percentage of total income	10.9%	6.2%
Net funds as a percentage of total income	8.5%	0.4%
Historical cost surplus as a percentage of total income	9.3%	6.3%

Income has continued to grow, with total funding council grants remaining at 2009–2010 levels, although this is against a backdrop of the recurrent element of the funding council grant declining to 2007–2008 levels.

All other areas of income have seen growth, with tuition fee income being the most significant at 13.8 per cent.

### Income

■ Funding council grants ■ Tuition fees ■ Research grants and contracts  
 ■ Other income ■ Endowment and investment income



### Income

■ Funding council grants  
 ■ Tuition fees  
 ■ Research grants and contracts  
 ■ Other income  
 ■ Endowment and investment income

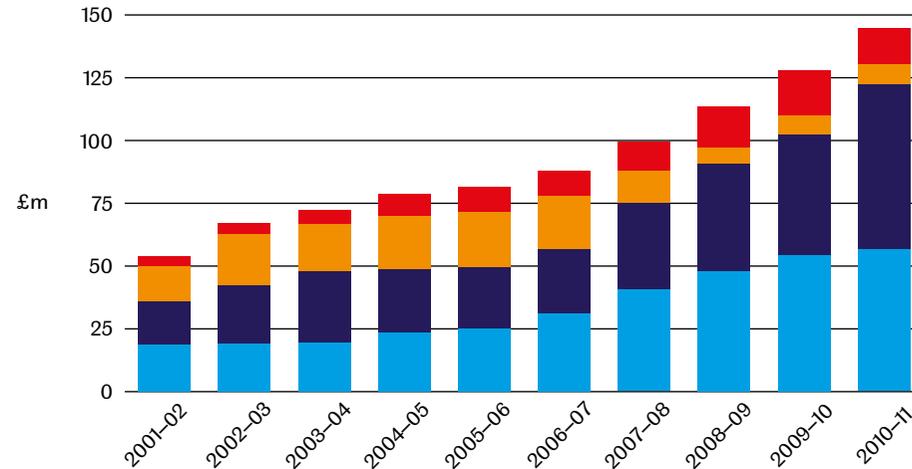


# Financial performance

Tuition fee income will continue to increase in the forthcoming years as teaching grant income is reduced to be replaced by higher home undergraduate fees. Overseas student fee income accounts for 44 per cent of total fee income, and 15 per cent of total University income.

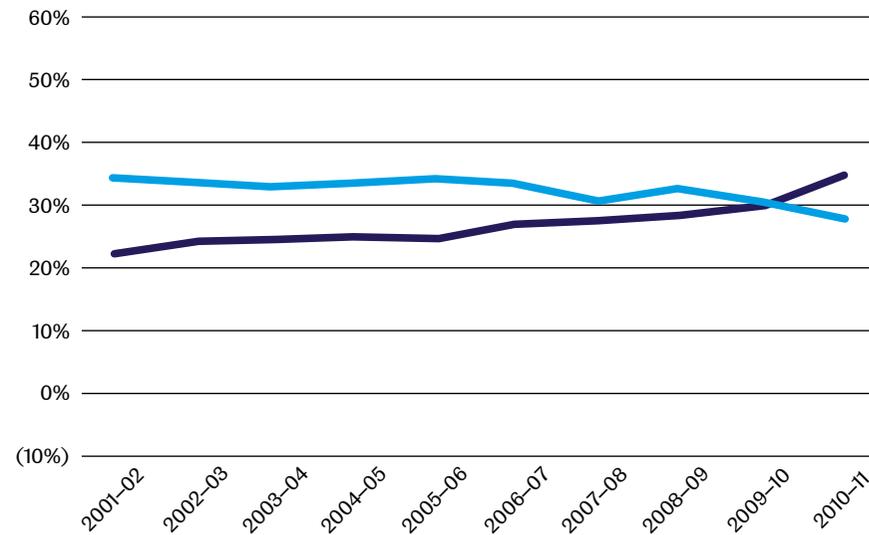
## Tuition fee income

■ Home full-time undergraduate students ■ Overseas students ■ NHS education contracts ■ Research training support grants and other fees



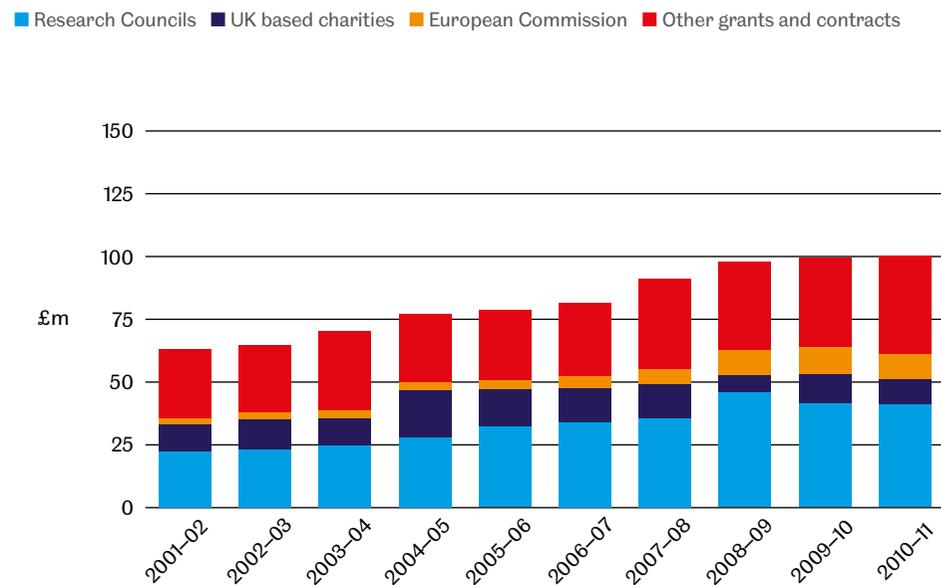
## Grant and fee income as a percentage of total income

■ % grant income to total income ■ % fee income to total income



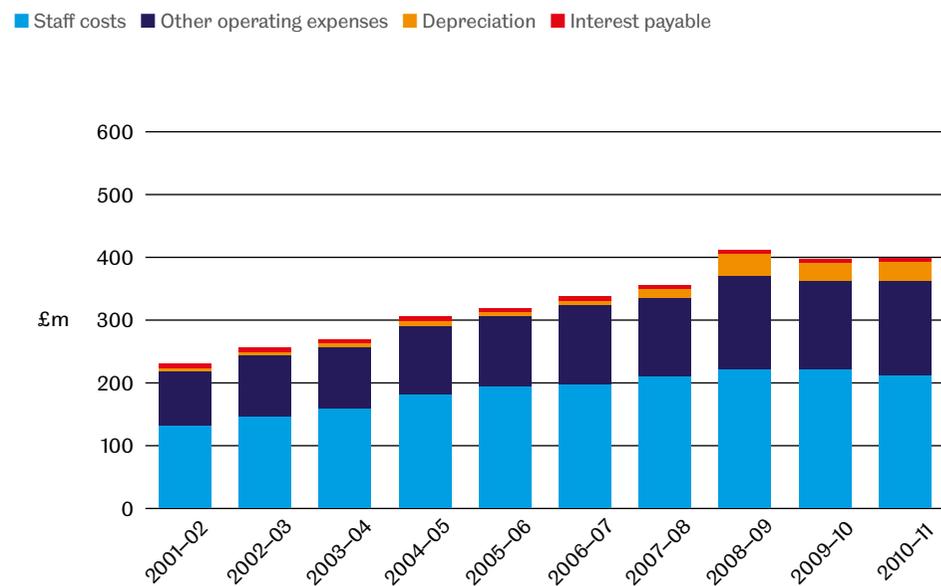
Research income has started to plateau in recent years, with Research Council income declining. However, this shortfall has been compensated by increased research grants from alternative sources, such as the European Community and industry. Growth in research income has been 2.6 per cent in the last year, which compares to annual growth levels of 6 per cent and more in recent years.

### Research income



Expenditure has grown by £10.7 million (2.7 per cent) since 2009–2010.

### Expenditure

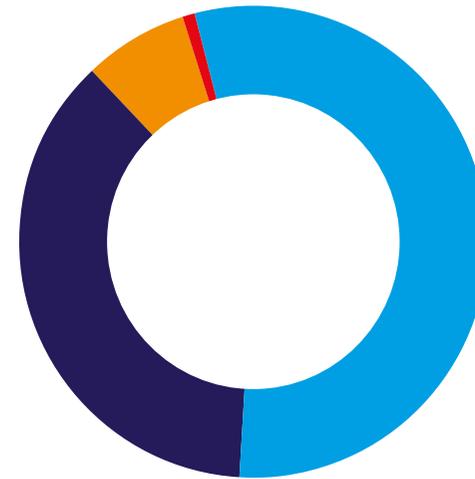


# Financial performance

The University has seen an increase of £3.0 million in repairs and general maintenance which relates to improving the general condition of the estate and also a programme to ensure the removal of asbestos. Scholarships and bursaries have also increased by £2.0 million reflecting the University's commitment to widening participation.

## Expenditure

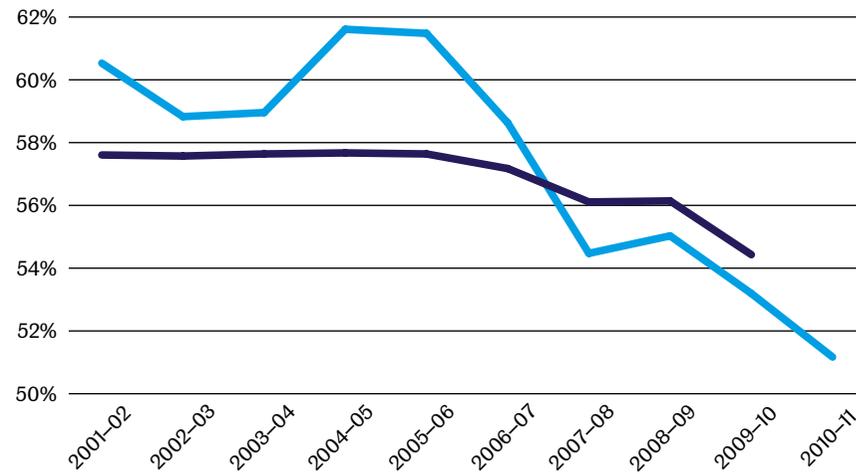
- Staff costs
- Other operating expenses
- Depreciation
- Interest payable



Staff costs as a percentage of income have continued to decrease. The impact of the Voluntary Severance Scheme (VSS) in 2008–2009 combined with careful staff cost management has seen the University control its staff costs, and in recent years move below the sectoral average.

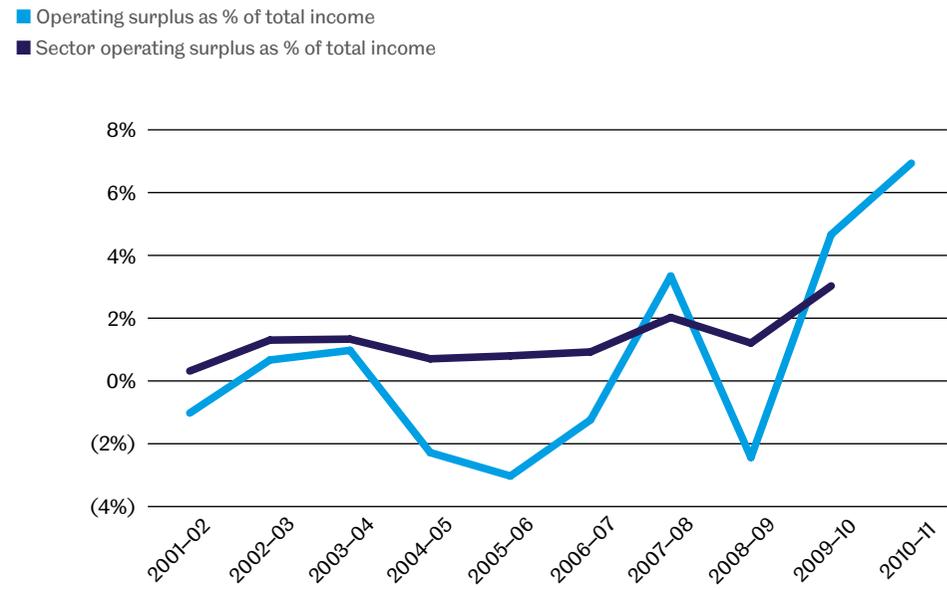
## Staff costs as a percentage of total income

- Staff Costs as % of total income
- Sector staff costs as % of total income



The University has a 2010–2011 operating surplus of £30.2 million which is 6.8 per cent of total income. This result places the University in a strong position to face the significant challenges ahead, whilst continuing to invest and focus upon the University's excellent research and the outstanding undergraduate and postgraduate student experience.

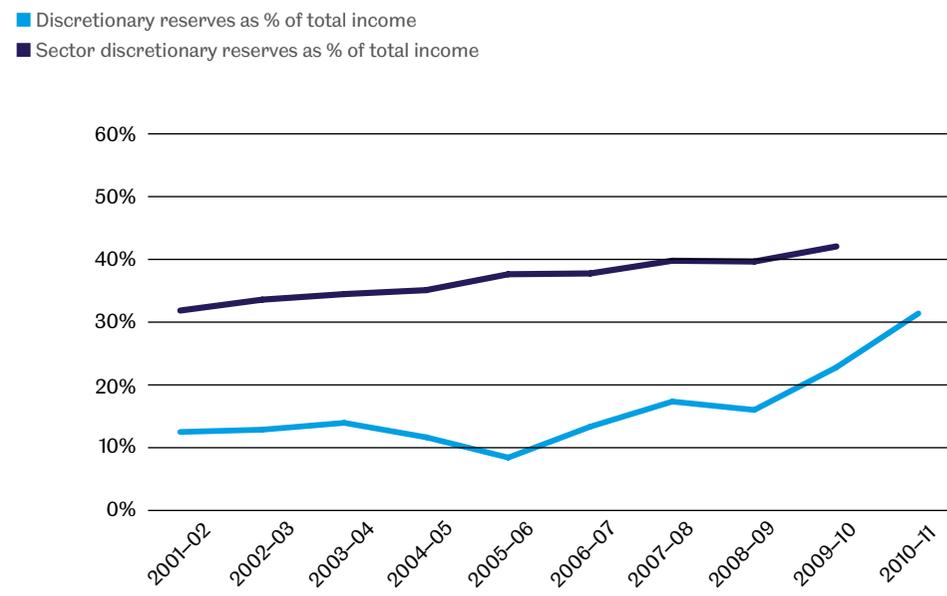
### Operating surplus as a percentage of total income



This result places the University in a strong position to face the significant challenges ahead.

Whilst the University has generated a strong income and expenditure account result, the cumulative discretionary reserves as a percentage of total income are significantly below the sectoral average. The strong result in the year will help to reduce the gap.

### Discretionary reserves as a percentage of total income

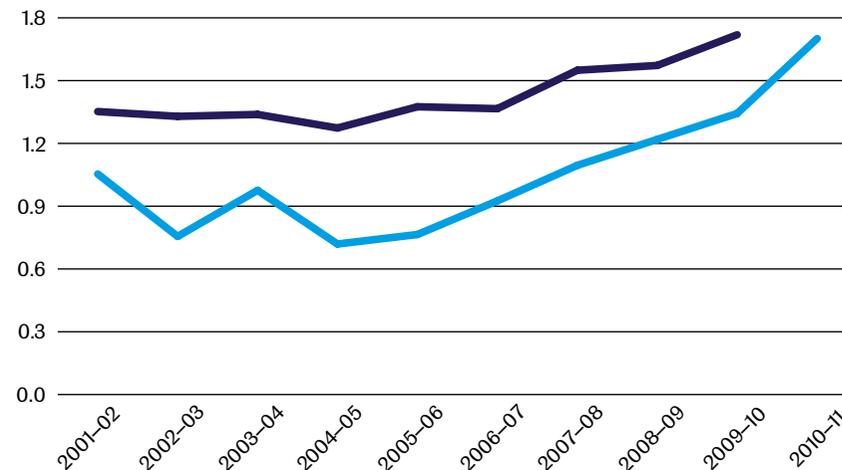


# Financial performance

The University has a target current asset ratio of 1.2:1. The financial performance in recent years has resulted in increased cash and current asset investments, whilst borrowings have remained steady and the University has achieved its current asset ratio target in the last three years.

## Current asset ratio

■ Ratio of current assets to current liabilities ■ Sector ratio of current assets to current liabilities



The University generated £46.9 million in net cash flows from operating activities during the year and had net funds of £36.4 million at 31 July 2011.

## Net (debt)/funds and operating cashflow

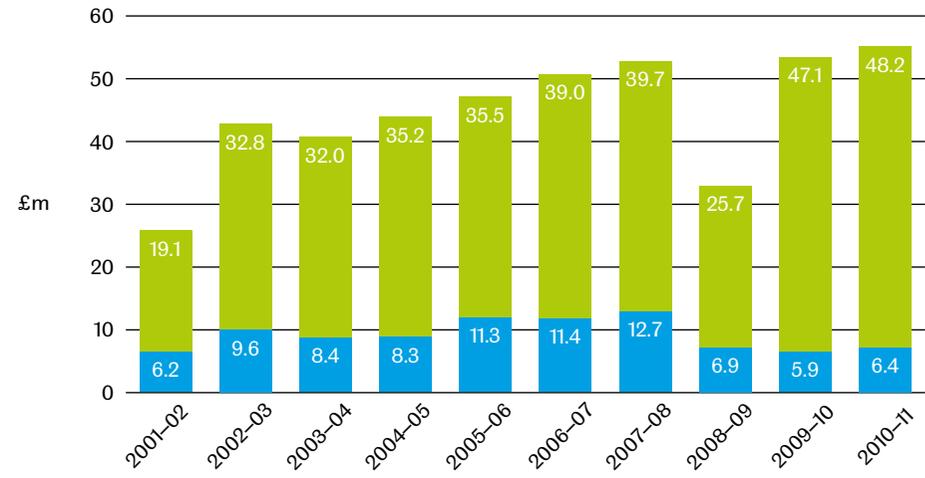
■ Net (debt)/funds ■ Operating cashflow



During 2010–2011 the University continued to build for the future benefit of students and research by investing £54.7 million in its infrastructure in line with strategic plans and priorities.

### Capital investment

■ Equipment ■ Land and buildings



In September 2010 we unveiled the redevelopment of the Students' Union building to renovate the heart of its current facilities, as well as create new ones.

The award-winning Students' Union, which employs over 900 people and offers more than 300 clubs and societies, is a major factor in attracting students to Sheffield and the recent redevelopment of the building will keep it at the forefront of such facilities nationwide.



## Mission, Vision and Identity

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**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 of Sheffield's mission, vision and identity frames our approach to strategic planning. Although our guiding principles need to be applied to changing situations and conditions, and to new ways of working, we see them as enduring over time. They stand as the touchstone of the kind of university we aspire to be, guiding the choices we all make in our daily work.

### **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 Identity**

The University of Sheffield has roots going back to 1828 and was founded formally in 1905 via penny donations from the local citizens to bring higher education within the reach of the children of the people working in the great industries of Sheffield, to give support to those industries and to serve as a centre for the study of diseases. The University is proud of its origins and continues to value the role it plays in its city and region.

The University has expanded from its original intake of 114 students to nearly 25,000, who now study across a broad range of areas spanning arts and humanities, social sciences, medicine, science and engineering. We promote the potential for higher education to transform people's lives and welcome a hugely diverse range of staff and students from around the world to our city. We recognise too that some issues of international importance in the 21st century are entirely different from those of the past. We seek to play a leading role in the research and teaching needed to address the biggest issues facing our world today.

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

## 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 Guiding Principles

There are 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.

## Learning and Teaching

Our aim is to deliver excellent research-led teaching, which provides all undergraduate and postgraduate students with a distinctive experience that enables them to fulfil their potential.

The *Sheffield Graduate* set of attributes provides a framework for implementing this objective – we have used it to identify the experience and opportunities we need to offer to our students to enable them to gain the attributes. We have enhanced the support and resources that are available for academic skills development. We have funded projects that enhance curriculum content and delivery.

We have identified how extra-curricular activities enable students to broaden their skills and knowledge, which lead in turn to the introduction of the Sheffield Graduate Award. We have enhanced the support and opportunities that our staff need to enable us to meet our objectives.

The attributes of the *Sheffield Graduate* are those which enable students to achieve success and fulfilment in their future lives, and to make an active contribution to society. Three overarching characteristics relating to high quality, the provision of information and support for students, and the development of their skills and abilities ensure that our courses are planned and delivered in ways which encourage students to become:

- knowledgeable in their subject
- independent and critical thinkers
- flexible team members
- active citizens who respect diversity.

Teaching and learning is set within the wider political, economic, environmental, ethical, social and cultural context of the field of study. The quality of our courses and the ongoing improvement of the student learning experience will remain a key priority for the University and we have robust systems and procedures in place to ensure this is achieved.

On many courses research is part of the curriculum at both undergraduate and postgraduate level. For example, the Department of Politics at Sheffield has an international reputation for research excellence and in the 2008 RAE (Research Assessment Exercise) it was ranked first equal among all politics departments in the UK. Students are taught by leading researchers who are experts in their field. This means they learn to think effectively, to ask the right kinds of questions and to get results.

All students also get the opportunity to undertake their own research. It is an active learning experience, one that produces confident, independent graduates with the skills to tackle big projects, on their own or as part of a team.

## Research

Our research strategy upholds the ideals of discovery and acknowledges the 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.

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 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.

Our research has continued to push the boundaries of health research, developing new tools and techniques to help reduce the cost and improve the effectiveness of healthcare in the UK. One example of this is FRAX®. This is an online calculator that helps doctors assess whether or not a patient may be affected by an osteoporotic fracture later in life. It was developed for the World Health Organisation (WHO) by a team of Sheffield scientists led by Emeritus Professor John Kanis. The calculator, which can also be used by patients, takes into account factors such as age, sex, body mass index and parental history of hip fracture to predict the risk. Where risk is identified, doctors and patients can take preventive measures. The benefits include fewer people suffering and the burden on health services being reduced. The calculator is already available in several different languages, and has also been developed as an iPhone application.

The University also participates in research with industry. Over 140 highly qualified researchers and engineers from around the globe are employed at the Advanced Manufacturing Institute (AMI). They work with over 60 businesses, from global leaders such as Boeing, Rolls-Royce, Messier Dowty and BAE Systems to local SMEs. The AMI is an internationally recognised centre of excellence and is the preferred model for industrial and academic collaboration by both Boeing and Rolls-Royce. It is also the base for a new Nuclear Advanced Manufacturing Research Centre which will provide manufacturing expertise for the new generation of civil nuclear energy facilities. In October 2010, Prime Minister David Cameron identified the AMI as a role model for a new generation of government-backed technology and innovation centres.

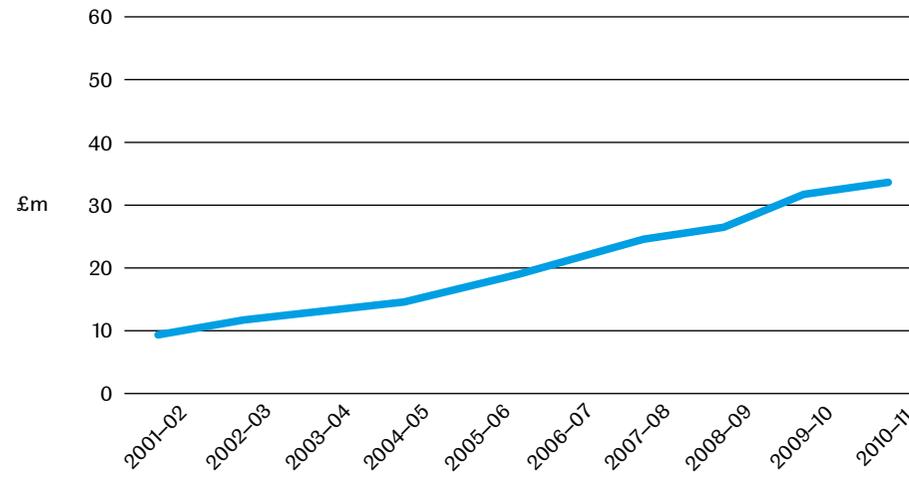
## Student recruitment and student support

Our goal is to produce *Sheffield Graduates* who demonstrate impact, excellence and distinctiveness in their chosen field. We will therefore recruit students of the highest academic and intellectual ability; with the potential and motivation to succeed and who will fully engage with, and benefit from, the University's courses. We aim to achieve a student community that is balanced and diverse in terms of experience and background, recognising the educational as well as cultural benefits that this brings to us all.

We recruit students by encouraging applications from the widest range of educational, social and ethnic backgrounds; providing clear and transparent admissions information to prospective applicants; operating a fair and flexible admissions process; and ensuring the consistent application of policy across the University. The strategic vision for widening participation is to support students from under-represented groups who have the potential to benefit from a research-led higher education at the University of Sheffield, providing them with an equal opportunity to enhance their professional employability, leadership qualities and commitment to social engagement.

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



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Spend on scholarships, bursaries and fee waivers has increased by 286 per cent over the last ten years.

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The University offers bursaries and scholarships to support talented students who may not have the financial resources to come to university. Alumni are also encouraged to consider philanthropic donations to our Alumni Fund, which is used to support scholarships for students, and to support students in time of hardship. Spend on scholarships, bursaries and fee waivers has increased by 286 per cent over the last ten years and will continue to increase in the coming years to ensure that the benefits of a University of Sheffield education are available to all, irrespective of background.

The University runs a wide range of outreach schemes to encourage students from widening participation backgrounds to consider applying to university, and offers activities to develop skills and confidence. Our Outreach and Access to Medicine scheme

(SOAMS) is a long-established example of this. SOAMS targets young people with the academic potential to study medicine and encourages them to consider university as an option. Staff from the University's Outreach and Access team and the Medical School work with students for up to five years, until they are ready to apply to university.

The SOAMS scheme includes sessions to familiarise young people and their parents with higher education and how the system works. There are team-building and problem-solving workshops, a residential summer school and a work placement. SOAMS students also benefit from mock interviews, study skills and revision sessions. This helps them write good applications, handle interviews confidently and do their best in exams.

Saima Khan was the first person in her family to go to university. She is now a junior doctor. Saima's medical degree establishes her as a role model for her community in Firvale, helping to raise the aspirations of other young people. Jenna Carr, an undergraduate who came to the Medical School through SOAMS says: "If you come from an area like mine, the most people really expect you do to is pass five GCSEs. SOAMS demonstrates that medicine isn't just for the wealthy."

The purpose of student support within the University community is to:

- Enhance the overall (physical, psychological and social) wellbeing of students.
- Enable every student to build sound relationships with other students, within academic departments and within the institution as a whole.
- Contribute to the creation of a sense of belonging in the University and to the building of self-regulating communities of students.
- Enable students to develop life skills as they progress through the University.
- Contribute positively to the quality of the student experience and to support recruitment, progression and retention.
- Enhance the reputation of the University in relation to its student services.

## Employability

University of Sheffield graduates go on to have rewarding and successful careers. The skills and experience they gain at Sheffield contribute to their success.

Studying for a degree at the University of Sheffield gives students:

- Inspiring courses and skills that can be applied in the real world.
- Additional Skills to enhance their CV.
- Support and guidance about the world of work.
- An international dimension.

We also work with business and industry to ensure our students benefit from an education that combines academic excellence with practical skills. The Department of Mechanical Engineering's Technology Strategy and Business Planning module is one example of this approach. The module enables final-year engineering students to collaborate with partners from business and industry, including manufacturers, marketers and bankers. The students develop solutions to real commercial problems and write accompanying business plans. Many of their ideas are developed into prototypes and functional products. A walking frame for children with brittle bones was designed by engineering students and is now being used by Sheffield Children's Hospital. This kind of real-world experience puts our students ahead of the game when it comes to applying for jobs.

During the past year alumni of the University have achieved great success within their professions. Dame Anne Rafferty (LLB 1971) was appointed a Lord Justice of Appeal in the High Court, Mr Bernard Hogan-Howe (MBA 1999) was appointed Commissioner of the Metropolitan Police Service, Air Marshall Sir Stuart Peach (BA 1977) was appointed

First Commander Joint Forces Command, and Sir Vincent Fean (BA 1975) became Consul General to Jerusalem.

## Environmental policy

The University shows its commitment to environmental best practice. The Environmental Policy provides the framework for all our work, whether it be in relation to energy saving, waste and recycling or sustainable transport. This environmental policy will be reviewed each year and made publicly available.

The University recognises the challenge posed by climate change, and will identify and set challenging environmental targets to continuously improve its environmental performance. The University will embed the principles of sustainability into its corporate culture, aiming to become an exemplar of good practice and a leader in environmental management within the higher education sector.

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, the pioneering Sheffield-Siemens Wind Power Research Centre is the first of its kind in the UK. It brings together world-class academics, researchers and experts from industry to develop wind turbine generators for wind power systems, on and offshore. The University was chosen by Siemens on the strength of the theoretical and applied research conducted in the Department of Electronic and Electrical Engineering. The centre specialises in the technology, architecture and design of wind turbine generators to generate electrical energy for the global market. This collaboration will translate into real-world solutions with benefits to both the energy industry and the environment.

## Community

The University of Sheffield is a major employer in the region. It is 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. Educational courses, public events and lectures are available to local residents and we collaborate with schools and other agencies in the city. Our sporting facilities are available for use by community groups and local sports clubs.

Our students are active in contributing positively to the life of the City of Sheffield through volunteering and other community activities. The University recognises that the presence of so many predominantly younger 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.

Our volunteering programme Sheffield Volunteering is one of the largest of its kind in the UK and a model of best practice. It gives students the chance to work with individuals and groups in the local community such as homeless people, refugees, young people and elderly people.

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Our students are active in contributing positively to the life of the City of Sheffield.

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# Strategies

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## Promoting and developing a culture of excellence, innovation, commitment and respect.

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### Financial strategy

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

### Human resources strategy

Over the three-year period 2010–2013, our strategic priorities will be sufficiently flexible to respond to opportunities, changes and risks in both the external and internal environments. They will create a sense of belonging and will harness commitment and talent right across the University. Our priorities will:

- Promote and develop a culture of excellence, innovation, commitment and respect.
- Provide an environment where all staff can excel, flourish and succeed.
- Engender a strong sense of belonging and staff engagement.
- Develop a motivated and diverse community which is inclusive at all levels.
- Promote openness and transparency across the University.
- Facilitate the achievement of the University's academic mission.
- Manage staff costs in line with University strategy.

## Estates strategy

The University of Sheffield's 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 the University's Strategic Plan to 2015. It is 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, the University of Sheffield has completed a number of iconic and innovative projects that have attracted international attention, such as the Jessop West Building for Arts and Humanities and Information Commons. Recently completed major renovation and refurbishment of landmark buildings in the city such as the Western Bank Library and 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 facing the University are many and varied. Over the next five years the University will continue to grow its activities. Expansion is occurring differentially in response to strong demand from students, industry, sponsors and other organisations with whom we are developing partnerships. It is very likely that governmental funding support to universities for capital and infrastructure will be heavily constrained over the planning period to 2015. In this context, the University's response is to establish clear priorities in line with its academic objectives, obtain best value from a wide range of

investment sources, continue to press downwards on our operating costs, 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.

## Risk management strategy

The Risk Review Group was established in 2008 to oversee all strategic and operational levels of risk and opportunity management. Responsibilities and reporting processes have been fully integrated in the faculties and professional services in line with the risk policy which is reviewed annually, most recently in June 2011.

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.

In 2011, the University developed a statement of its appetite for risk which supports risk management across the institution. The University takes a balanced approach to risk across the full range of its activities. The University has 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.

## Conclusion

During the last ten years the University has achieved regular income growth which combined with tightly controlled costs has resulted in improved operating surpluses and cash positions. Unrestricted income has grown whilst costs have been closely managed, with staff costs as a proportion of income reducing from 60.2 per cent in 2001–2002 to 51.5 per cent in 2010–2011. Annual capital investment has averaged £40 million and up to 31 March 2011 has been consistently funded by public funds averaging £27 million. This public funding has been supplemented by relatively modest amounts of University funds and a £162 million privately funded project relating to the student residences.

However, the higher education sector faces a period of significant change in the forthcoming years, affecting the public funding streams for teaching, research and capital. Concerns have increased during the last decade about the ongoing cost of pensions and the scale and future risk of pension scheme deficits.

Grant income will decline to be replaced by student fee income. This pushes the cost of experiencing an excellent research-led education onto the student. The University recognises the challenges that this will pose to students, to the University sector and to the future employment market. The University is committed to providing financial support to students from under-represented groups to give them and their future employers the opportunity to experience the benefits of an education at the University of Sheffield.

The University is prepared for these changes, in both its current financial position and in its ability to plan, forecast and respond to further changes as they arise.

Finally, I would like to join with the University's Vice-Chancellor in thanking all University employees and indeed the students for their part in the many significant achievements during the financial year.

**David Young**  
Treasurer

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**The University is committed to providing financial support to students from under-represented groups.**

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The University's estate  
is a key resource  
that needs to be well  
managed, planned and  
continually improved.  
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# Our University

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**In the past two years  
our Alumni Fund  
has created over  
200 undergraduate  
and postgraduate  
scholarships.**

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## Outreach and access

During 2010–11 we worked with a host of schools and colleges to raise aspirations to study at higher education level and raise young people's attainment. Our intensive outreach programmes spanned many subjects including architecture, law, dentistry and medicine and we expanded our general support programmes to help students develop the skills they need when they begin university, for example through our Higher Education Preparation Programme.

A major aspect of our work is to deliver programmes that benefit the region as a whole. This means working closely with a range of external partners who share our aims. During 2010–11 we consolidated our Aimhigher work to ensure its legacy as a useful future resource. For example, along with our partners we developed a booklet – *Go Further Go Higher* – for young people in or leaving care giving extensive information on all aspects of education, training, finance and qualifications.

We also worked closely with stakeholders in schools and colleges. We delivered a conference for teachers and advisers and convened a number of consultation events with our Vice-Chancellor and senior leaders from schools, colleges and local authorities to discuss the significant changes taking place within higher education and how we might work together to overcome the challenges we face.

Developing the University's Access Agreement for 2012 and beyond was a major piece of work during the year. It involved analysing our successful record for widening participation and retention and devising ways of building on our success to maintain and improve our position in future years.

## Fundraising

This year the University has seen significant fundraising successes, including the opening of the Sheffield Institute for Translational Neuroscience by Her Majesty The Queen and The Duke of Edinburgh. This world-leading new facility was made possible by £10 million of donations to the Sheffield Institute Foundation for Motor Neurone Disease. Jonathan Stone, a major donor to the project, was our first donor to be admitted to the University's Roll of Benefactors at a special ceremony during the summer.

We also received a major donation of £350,000 from the Inge Sugden (Deceased) Will Trust for the University's Project Sunshine. Legacy giving continues to be of great importance to us and almost 500 people have confirmed that they will support the University through a gift in their will. A gift of £114,000 from the late Peter Glover helped the Department of Archaeology provide facilities for its students, such as a minibus for field trips, and to equip a Digital Osteology laboratory.

This year we received our 10,000th individual donation since 2003 including US\$1 million for the Faculty of Engineering from The Hon Sir Sze-yuen Chung, the University's most senior alumnus in Hong Kong. The Alumni Fund – our year-round mail and telephone fundraising programme – raised a record £400,000 and we have claimed £1.3 million in matched funds from the HEFCE Matched Funding for Universities Scheme. In the past two years our Alumni Fund has created over 200 undergraduate and postgraduate scholarships, and awarded grants totalling £250,000 to departmental capital projects, such as the new Pro Bono centre for the Law School and a Virtual Imaging Suite for Biomedical Science.

## Sheffield Volunteering

In 2010–11, over 1,500 student and staff volunteers from across the University were active in our local community through Sheffield Volunteering. Across the city, volunteers helped to raise aspirations, support people living with difficulty or disadvantage, contributed to improving facilities and supported local action on heritage and environmental issues.

In May, we were invited to prepare a showcase for HRH the Duchess of Cornwall who visited our Word Club at Emmaus Catholic and Church of England Primary School in Wybourn. The project runs on a weekly basis and was set up by volunteers from our Linguistics Society. The Duchess presented certificates in recognition of the youngsters' achievement and commitment throughout the year. The event culminated in a performance for the whole school by volunteers from the Hip Hop Society's SUCrew.

This year we were the first students' union or university volunteering programme to receive the prestigious Duke of York Community Initiative Award in its 14-year history. The award recognises Yorkshire projects which have made a significant impact on the community, generate community participation and are an example to others.

Through Raising And Giving (RAG) students raised and donated an incredible £202,000 to good causes. Over 300 students were involved in overseeing the event programme. Fundraisers challenged themselves to hitch hike, rattle buckets, sleep out, hunt treasure in a race across Europe and much more. A total of 81 student clubs and societies participated. Over 80 per cent of the funds were donated within the Yorkshire region – to date almost 100 local organisations have benefited.

## Corporate social responsibility

This year our corporate social responsibility strategy saw some significant achievements. We were the first UK university and students' union to jointly sign up to the Workers' Rights Consortium (WRC). The WRC is an independent labour rights monitoring organisation which conducts investigations of working conditions in factories around the globe to combat sweatshops and protect the rights of workers. Universities who sign up to WRC work towards including a manufacturing code of conduct in supplier contracts.

We are also helping to build a culture of hospitality for people seeking sanctuary in the UK through our work with the Council for Assisting Refugee Academics and City of Sanctuary. City of Sanctuary is a place of safety and welcome for people whose lives are in danger in their own countries. In September 2007, with the support of the City Council and over 70 local community organisations, Sheffield became the UK's first official City of Sanctuary – a city that takes pride in the welcome it offers to people in need of safety.

Our Environmental Controls project to introduce heat and electricity-saving measures saved over £0.5 million and 26 teams participated in Green Impact 2011 – a competition between departments who score points for taking a range of environmentally friendly actions. The 2010 travel survey found an increase in green commuting: 74 per cent of University staff now travel to work sustainably, for example on public transport, by bike, on foot or via a car share.

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We were the first students' union or university volunteering programme to receive the prestigious Duke of York Community Initiative Award.

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# Our students

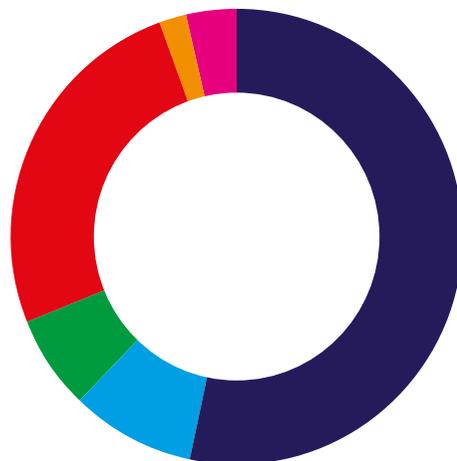


# Our student population

## 1 August 2009 – 31 July 2010

■ UG home	34,603
■ UG overseas	5,617
■ PGT home	4,468
■ PGT overseas	16,507
■ PGR home	1,264
■ PGR overseas	2,166

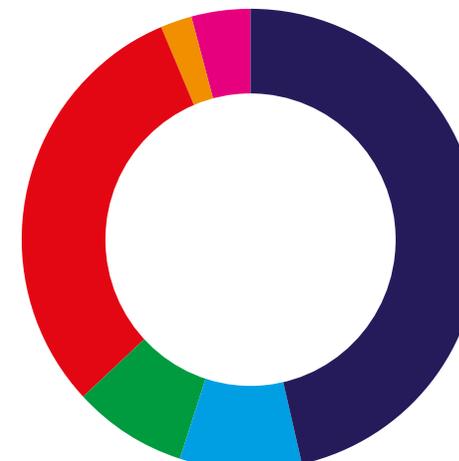
**Total applications 64,625**



## 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

**Total applications 64,484**



# Our students

## Student numbers 2010–2011

Full-time students							
Faculty	Undergraduate			Postgraduate			Total
	Home/EC	Overseas	Sub Total	Home/EC	Overseas	Sub Total	
Faculty of Arts	2,799	18	<b>2,817</b>	313	169	<b>482</b>	<b>3,299</b>
Faculty of Engineering	1,665	872	<b>2,537</b>	365	805	<b>1,170</b>	<b>3,707</b>
Faculty of Medicine	1,962	127	<b>2,089</b>	257	278	<b>535</b>	<b>2,624</b>
Faculty of Science	2,896	213	<b>3,109</b>	436	212	<b>648</b>	<b>3,757</b>
Faculty of Social Sciences	4,680	656	<b>5,336</b>	966	1,065	<b>2,031</b>	<b>7,367</b>
<b>Total</b>	<b>14,002</b>	<b>1,886</b>	<b>15,888</b>	<b>2,337</b>	<b>2,529</b>	<b>4,866</b>	<b>20,754</b>

Part-time students							
Faculty	Undergraduate			Postgraduate			Total
	Home/EC	Overseas	Sub Total	Home/EC	Overseas	Sub Total	
Faculty of Arts	29	0	<b>29</b>	247	61	<b>308</b>	<b>337</b>
Faculty of Engineering	43	25	<b>68</b>	70	19	<b>89</b>	<b>157</b>
Faculty of Medicine	340	20	<b>360</b>	478	63	<b>541</b>	<b>901</b>
Faculty of Science	59	6	<b>65</b>	67	7	<b>74</b>	<b>139</b>
Faculty of Social Sciences	710	26	<b>736</b>	806	190	<b>996</b>	<b>1,732</b>
<b>Total</b>	<b>1,181</b>	<b>77</b>	<b>1,258</b>	<b>1,668</b>	<b>340</b>	<b>2,008</b>	<b>3,266</b>

Additional students	
Modern Languages Students Abroad	199
Architecture Students In Office Practice	100
Students On Optional Year Outs	51
Erasmus And Year Abroad Students	215
<b>Total</b>	<b>565</b>

### First degree award classifications

Faculty	1	2.1	2.2	3	Pass	Unclass	Total
Faculty of Arts	136	668	101	2	3	0	910
Faculty of Engineering	170	255	116	16	25	0	582
Faculty of Medicine	76	136	84	10	328	34	668
Faculty of Science	207	400	202	16	19	0	844
Faculty of Social Sciences	198	987	415	28	139	0	1,767
<b>Total</b>	<b>787</b>	<b>2,446</b>	<b>918</b>	<b>72</b>	<b>514</b>	<b>34</b>	<b>4,771</b>
<i>Percentages</i>	16%	51%	19%	2%	11%	1%	

### Certificates and Diploma Awards

Faculty	Diploma	Cert	Total
Faculty of Science	0	24	24
Faculty of Social Sciences	1	170	171
Faculty of Medicine	42	20	62
<b>Total</b>	<b>43</b>	<b>214</b>	<b>257</b>

## Our students



### Rankings

We are consistently ranked amongst the top universities in the country and are currently the Times Higher Education University of the Year. We are ranked in the top ten for student satisfaction and overall second in the country for student experience. Our Students' Union is rated the best in the country and we are joint first for our library facilities, accommodation and social life. We are also the 'University most people would recommend to a friend.'

The University's pioneering research has also been highly commended this year. We are named in the top 100 QS World University Rankings and in the top 100 Times Higher Education World University Reputation Rankings, based exclusively on universities' standing among experienced academics all over the globe.

UK World and European Rankings	Position
Academic Ranking of World Universities 2011	10th (in the UK)
Academic Ranking of World Universities 2011	97th (in the World)
QS World University Rankings 2011	72nd
Times Higher Education World Rankings 2011–2012	13th (in the UK)
Times Higher Education World Rankings 2011–2012	32nd (in Europe)
Times Higher Education World Rankings 2011–2012	101st (in the World)
Times Higher Education World Reputation Rankings 100 2011	90–100 range
Times Higher Education Awards 2011	University of the Year
Times Higher Education Student Experience Survey 2011	2nd
Sunday Times University Guide for Yorkshire 2012	Top
National Student Survey 2011	Top 10
The Virgin Alternative Guide to British Universities 2012	'Top university across the board'
Research Assessment Exercise 2008	Top 10

### University of the Year

The University was named UK University of the Year in the 2011 Times Higher Education Awards.

Judges said that the University “stood out as a result of a strategy based on its values and rooted in its founding principles” and praised our “determination and grit” in focusing on our local community.

The judges found it to be a quality, research-led university, and a community with values, confidence, flair and its sleeves rolled-up.

### Second in the country for student experience

Our student experience is rated second in the country according to the Times Higher Education Student Experience Survey. More than 10,000 students are surveyed annually to show which universities offer the best all-round student experience. Our award-winning Students’ Union remains at the top of the rankings as it was rated the best in the country. Students voted our University as having the best library facilities in the country, alongside the University of Oxford.

According to undergraduates, Sheffield offers the best social life (rated top with Leeds and Loughborough) and is at the top of the rankings for its extracurricular activities and societies. The University also came joint first for student accommodation and is now considered to be one of the best in the UK. Out of the 113 universities surveyed, we were also voted as the university most people would recommend to a friend.

### Top ten for student satisfaction

The 2011 National Student Survey (NSS) ranked us in the top ten of UK universities for student satisfaction. Overall, 90 per cent of our students surveyed were satisfied with their course, compared to a sector average of 88 per cent.

Satisfaction at the University has improved since 2010 in six of the seven categories covered by the survey (and stayed the same in one). 90 per cent of our students were satisfied with the quality of teaching on their courses, 88 per cent with the learning resources available to them and 83 per cent with the personal development they received.

30 out of the University’s 55 subjects received an overall satisfaction score of 90 per cent or above, with a further 19 subjects gaining an 80 per cent or above score. Business Studies, Microbiology and Molecular Biology, Biophysics and Biochemistry all received top overall satisfaction scores of 100 per cent.

When compared to the Russell Group, the University of Sheffield is ranked joint third (with Glasgow University) for overall student satisfaction, just behind Cambridge and Oxford. Our students were also among the happiest in Yorkshire, with the University coming out top in the region.

### Top university in Yorkshire

The University of Sheffield is the top university in Yorkshire as rated by the Sunday Times University Guide 2012. The Sunday Times called our University “Yorkshire’s great success story this year” as we rose to first place, overtaking York to become the region’s top university.

The Sunday Times University Guide contains a league table of all UK universities, drawn up from criteria including student satisfaction, teaching and research quality, degree results achieved, student-staff ratios and graduate unemployment levels. The guide is a well-known and popular resource for students and parents when considering which universities to apply to.

# Our students

## Union of Students

In September 2010 we unveiled the redevelopment of the Students' Union building to renovate the heart of its current facilities, as well as create new ones. The building now features an activity and sport zone for students to exhibit and perform their work and a striking new entrance and double height atrium space.

Students' Union staff were busier than ever with student enquiries up to nearly 23,000 from 17,000 in the previous year and for the third year in a row, we were ranked as the UK's number one students' union in the annual Times Higher Education Student Experience Survey.

We became only the second students' union in the country to receive a Gold Award in the Student Union Evaluation Initiative (SUEI). The SUEI assessment and audit is a unique quality assessment model which aims to make a positive difference to the lives of university students by improving outcomes from their Students' Unions. We were also awarded a Gold Green Impact Students' Unions Award by National Union of Students, which recognises the environmental performance of students' unions across the country. Amongst other activities we bought a stake in a UK beehive, a ladybird tower and a butterfly tower for the Students' Union garden.

## International students

Our popularity with international students continued to grow strongly, with both undergraduate and postgraduate international student registrations reaching record highs in September 2010. International students now make up 25 per cent of our student body, with 128 different nationalities studying on campus.

We also saw continued growth in the number of international students recruited through local or international partnerships. 2010–11 was the first full year since the opening of our new English Language Teaching Centre: its increased capacity allowed us to expand the number of students attending English language preparation programmes. Our on-campus foundation college, Sheffield International College, run in conjunction with US company Kaplan and the Northern Consortium (a joint initiative of northern UK Universities overseas), continued to play an important role in providing undergraduate and postgraduate students to the University.

We developed further prestigious international partnerships in support of our international activities. In the summer of 2010, the University signed a three-year funding agreement with global bank Santander. The deal creates support for postgraduate student scholarships and student entrepreneurship. In March 2011, as part of a delegation of UK business and University leaders led by Deputy Prime-Minister Nick Clegg, the Vice-Chancellor signed an agreement with Mexico's National Council of Science and Technology (CONACyT) with the aim of developing industrial research and helping students from the UK and Mexico to benefit from this close tie.



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For the third year in  
a row we were ranked  
as the UK's number one  
students' union.  
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# Our University at a glance

# Officers and the Council

## Officers of the University Session 2010–2011

The Chancellor  
**Sir Peter Middleton**

The Pro Chancellors  
**Mr P N Firth**  
**Mr A P Pedder**  
**Mrs K E Riddle (Chairman of Council)**

The Treasurer  
**Mr D Young**

The Vice-Chancellor  
**Professor K Burnett**

The Cross Cutting Pro-Vice-Chancellors  
**Professor R Hughes, International  
(from March 2011)**  
**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 A J Payne, Social Sciences**

Registrar and Secretary  
**Dr P K Harvey**

## The Council of the University Session 2010–2011

Ex-officio members  
The Pro Chancellors  
The Treasurer  
The Vice-Chancellor

One Pro-Vice-Chancellor  
**Professor P E White**

The Chairman of Convocation  
**Mr B Wrigley**

Persons appointed by the Council  
**Mrs V J Bayliss**  
**Mr C A J Biggin**  
**Ms S Harkness**  
**Mr J G Kelly**  
**Mr O G Stephenson**

One Faculty Pro-Vice-Chancellor appointed  
annually by the Vice-Chancellor  
**Professor A P Weetman**

Three members of the Senate elected  
by the Senate  
**Professor D Hornby**  
**Mr M J Lewis**  
**Professor L Maltby**

The President of the Union of Students  
**Mr J Forstenzer**

One person who is not a member of  
academic or academic-related staff  
**Mr A 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  
Modern Languages and Linguistics  
Music  
Philosophy  
Russian and Slavonic Studies

### Engineering

Automatic Control and Systems Engineering  
Chemical and Biological Engineering  
Civil and Structural Engineering  
Computer Science  
Electronic and Electrical Engineering  
Materials Science and Engineering  
Mechanical Engineering

### Medicine, Dentistry and Health

Adult Dental Care  
Clinical Dentistry  
Human Communication Sciences  
Nursing and Midwifery  
Oral and Maxillofacial Medicine and Surgery  
Oral Health and Development  
Oral Pathology  
School of Health and Related Research  
School of Medicine and Biomedical Sciences

### Science

Animal and Plant Sciences  
School of Mathematics and Statistics  
Biomedical Science  
Chemistry  
Molecular Biology and Biotechnology  
Physics and Astronomy  
Psychology

### Social Sciences

Architecture  
East Asian Studies  
Economics  
Education  
Geography  
History  
Information School  
Journalism Studies  
Landscape  
Law  
Management  
Politics  
Sociological Studies  
Town and Regional Planning

# Financial Statements.

2010–2011



# 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. Its objectives, powers and governance framework are set out in the Charter and its supporting Statutes. The University's Charter requires the existence of the following three 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. Its membership is drawn mainly from the academic staff of the University.

## The Court

The Court is a large, formal body comprised mainly of lay members. Its membership is representative of the University and the community in which it is set. Court meets once per year to receive annual reports from Council and Senate, and to receive and consider the Annual Financial Statements of the University.

## The Council

The University's Council is the governing body of the University, responsible for the strategic development and overall performance of the University's business. Council membership comprises lay and academic persons 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 the role 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 Ordinance VI 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 Ordinance IX.

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.

In addition to Nominations Committee and Senior Remuneration Committee which are formally constituted committees of Council, much of the work of 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 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 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 Audit Committee is constituted in line with guidance issued by HEFCE and contains both lay members of the University Council and co-optees with special expertise who are not on the Council. 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 Resource Management Committee is responsible for making recommendations to the Council for new or revised Human Resource policies to support overall strategic Human Resource objectives. The Human Resource Management Committee also approves procedures and receives and considers reports from the Director of Human Resource Management, including Annual Reports of meetings with Campus Unions.

A review of Council committees has recently been undertaken as part of a broader effectiveness review. As a result, some amendments to the composition and terms of reference of the Council committees are in the process of being implemented to ensure that these bodies are fully fit for purpose in terms of supporting Council in the exercise of its responsibilities.

### 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 the 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 31 July 2011 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 Council and accords with the Turnbull Guidance. The University has formally adopted the CUC (Committee of University Chairs) Code which has the key motivation of improving effectiveness of governance structures and processes. The University manages risks through a Corporate Risk Register.

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 was formally approved by Council on 11 June 2007. The risk management policy is reviewed annually by Risk Review Group.

4. The following processes have been established:
  - a. The plans and strategic direction of the institution are specifically considered at one of the regular meetings of 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 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 series of facilitated risk management workshops have been held which have encompassed the University Executive Board, Heads of Professional Services Departments and Heads of Academic Departments. Issues addressed have included the cascading of the management of risk at departmental level.
  - g. A risk prioritisation methodology based on risk ranking has been established.
  - h. An organisation-wide risk register is maintained for corporate-level risks.
  - i. A reporting structure has been implemented whereby high-level strategic opportunities and risks are overseen by Risk Review Group and reported to 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.
  - j. The University has established a basket of Key Performance Indicators (KPIs), which can be benchmarked against other publicly available data sources, and which will be regularly reviewed by the Council.
  - k. A five yearly effectiveness review of the Council is undertaken. This is a self evaluation of Council's effectiveness and that of its Committees. The last review was considered at the November 2010 Council meeting.
  - l. The University keeps under regular review the policies, procedures and powers delegated by the Council to other bodies and individuals, including the Vice-Chancellor.
  - m. The Registrar and Secretary ensures that the University's constitution is followed at all times, taking advice if 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 auditors' 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 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 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 Charter 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 Auditors

As explained more fully in the Responsibilities of Council Statement set out on page 46 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 31st July 2011 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.



**Jeremy Gledhill**

**For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Leeds  
29 November 2011**

**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 2011. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

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

## **3. Joint venture entities and associates**

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

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

## **4. Intra-group transactions**

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

## **5. Income recognition**

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

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount 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.

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.

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.

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. The accounting treatment is set out in policy note on accounting for business combinations.

## 10. Land and buildings

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

Specialised Properties	Depreciated replacement cost
Non-specialised Properties	Open market value on existing use basis
Residential Accommodation – operational assets	Open market value
Residential Accommodation – non operational assets	Open market value

A full valuation of the University's halls of residence and other residential properties was carried out on 31 July 2010 by Saxton Mee Commercial.

A full valuation of the University's land upon which Catalyst Higher Education Sheffield PLC (Catalyst) has built the Student Village in accordance with the redevelopment of student residential provision, was carried out on 31 July 2010 by Eadon, Lockwood and Riddle.

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. 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 is capitalised.

Capitalised equipment is stated at cost and depreciated over an expected useful life of a maximum of ten years, with the exception of equipment acquired for specific research projects, which is depreciated over 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. The University also has a number of exhibits relating to a heritage museum. No valuation of this collection has been carried out, as the cost of this was considered to be disproportionate to any potential value.

### 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 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, including donated tangible fixed assets

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, which are externally funded and contracted out of the State Second Pension (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 FRS17, 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 2011			
	Note	Year Ended 31 July 2011	Year Ended 31 July 2010
		£m	£m
<b>Income</b>			
Funding Council grants	1	125.9	125.8
Tuition fees and education contracts	2	144.3	126.8
Research grants and contracts	3	101.3	98.7
Other income	4	61.0	56.0
Endowment and investment income	5	1.7	1.6
<b>Total income</b>		<b>434.2</b>	<b>408.9</b>
<b>Less: Share of income from joint ventures</b>		<b>(4.2)</b>	<b>(0.3)</b>
<b>Net income</b>		<b>430.0</b>	<b>408.6</b>
<b>Expenditure</b>			
Staff costs	6	221.4	218.2
Other operating expenses	7	135.1	130.1
Depreciation and impairment of assets	12, 13	37.7	33.3
Interest payable	8	6.6	8.5
<b>Total expenditure</b>	9	<b>400.8</b>	<b>390.1</b>
Surplus after depreciation of assets at valuation and before tax		29.2	18.5
Share of operating profit in joint venture		0.1	–
Share of operating profit/(loss) in associate		0.2	(0.2)
Profit/(loss) on sale of investments		0.6	(1.0)
Loss on disposal of assets		(0.1)	(0.1)
<b>Surplus after depreciation of assets at valuation, disposal of assets and before tax</b>	11	<b>30.0</b>	<b>17.2</b>
Taxation	10	–	–
<b>Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax</b>		<b>30.0</b>	<b>17.2</b>
Minority interests		–	(0.1)
Surplus for the year transferred to accumulated income in endowment funds		0.2	(0.3)
<b>Surplus for the year retained within general reserves</b>		<b>30.2</b>	<b>16.8</b>

The Income and Expenditure Account is in respect of continuing activities.

## Statement of Group Historical Cost Surpluses and Deficits

Year Ended 31 July 2011			
	Note	Year Ended 31 July 2011	Year Ended 31 July 2010
		£m	£m
Surplus on continuing operations before tax, minority interests and transfers to endowments		30.0	17.2
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount		10.1	8.6
Realisation of property revaluation gains of previous years	22	(0.1)	0.2
<b>Historical cost surplus before tax, minority interests and transfers to endowments</b>		<b>40.0</b>	<b>26.0</b>
<b>Historical cost surplus after tax, minority interests and transfers to endowments</b>		<b>40.2</b>	<b>25.6</b>

## Statement Of Group Total Recognised Gains And Losses

Year ended 31 July 2011			
	Note	Year Ended 31 July 2011	Year Ended 31 July 2010
		£m	£m
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets, tax and transfers to endowments		30.2	16.8
Unrealised surplus/(deficit) on revaluation of fixed assets	22	54.6	(0.3)
Appreciation in market value of endowment asset investments	21	1.9	3.1
Appreciation in market value of fixed asset investments	22	0.3	0.5
Endowment income (utilised)/retained for year	21	(0.2)	0.3
New endowments less realisations	21	0.3	–
Actuarial gain in respect of pension scheme	30	5.0	17.1
<b>Total recognised gains relating to the period</b>		<b>92.1</b>	<b>37.5</b>
<b>Reconciliation</b>			
Opening reserves and endowments		270.5	233.0
Total recognised gains for the year		92.1	37.5
<b>Closing reserves and endowments</b>		<b>362.6</b>	<b>270.5</b>

## Balance Sheet as at 31 July 2011

	Note	As at 31 July 2011		As at 31 July 2010	
		Group	University	Group	University
		£m	£m	£m	£m
<b>Fixed assets</b>					
Tangible assets	12	592.8	580.0	520.6	506.8
Investments	13	5.9	30.0	6.5	31.2
Investment in joint ventures					
Share of gross assets	13	2.9	–	0.9	–
Share of gross liabilities	13	(2.5)	–	(0.7)	–
Investment in associates	13	4.4	–	4.1	–
		<b>603.5</b>	<b>610.0</b>	531.4	538.0
<b>Endowment assets</b>	21	<b>34.5</b>	<b>34.5</b>	32.6	32.6
<b>Debtors: due after more than one year</b>	14	<b>16.2</b>	<b>16.2</b>	16.5	16.5
<b>Current assets</b>					
Stock		0.4	0.4	0.5	0.5
Asset intended for sale		1.6	1.6	3.0	3.0
Debtors	15	53.7	52.8	44.3	44.6
Investments		82.6	82.6	56.3	56.3
Cash at bank and in hand		39.5	27.1	33.4	20.5
		<b>177.8</b>	<b>164.5</b>	137.5	124.9
Creditors: amounts falling due within one year	16	(104.6)	(104.1)	(102.3)	(101.8)
<b>Net current assets</b>		<b>73.2</b>	<b>60.4</b>	35.2	23.1
<b>Total assets less current liabilities</b>		<b>727.4</b>	<b>721.1</b>	615.7	610.2
<b>Less creditors: amounts falling due after more than one year</b>	17	<b>(87.6)</b>	<b>(87.6)</b>	(89.8)	(89.8)
<b>Less: provisions for liabilities</b>	19	<b>(2.1)</b>	<b>(2.1)</b>	(3.8)	(3.8)
<b>Total net assets excluding pension liability</b>		<b>637.7</b>	<b>631.4</b>	522.1	516.6
<b>Net pension liability</b>	30	<b>(52.8)</b>	<b>(52.8)</b>	(58.3)	(58.3)
<b>Total net assets including pension liability</b>		<b>584.9</b>	<b>578.6</b>	463.8	458.3

	Note	As at 31 July 2011		As at 31 July 2010	
		Group	University	Group	University
		£m	£m	£m	£m
<b>Deferred capital grants</b>	20	<b>222.5</b>	<b>222.5</b>	193.5	193.5
<b>Endowments</b>					
Expendable	21	3.1	3.1	3.0	3.0
Permanent	21	31.4	31.4	29.6	29.6
		<b>34.5</b>	<b>34.5</b>	32.6	32.6
<b>Reserves</b>					
Revaluation reserve	22	249.7	249.8	204.8	204.8
Pension reserve	24	(52.8)	(52.8)	(58.3)	(58.3)
General reserve	23	131.2	124.6	91.5	85.7
		<b>328.1</b>	<b>321.6</b>	238.0	232.2
<b>Minority interests</b>		<b>(0.2)</b>	<b>–</b>	(0.3)	–
<b>Total funds</b>		<b>584.9</b>	<b>578.6</b>	463.8	458.3

The financial statements on pages 52 to 72 were approved by the Council on 29 November 2011 and were signed on its behalf by:

**Mr. D. Young, Treasurer**  
**Professor K. Burnett, Vice-Chancellor**  
**Mr. R. Rabone, Director Of Finance**

**The University Of Sheffield**

## Consolidated Cash Flow Statement

Year Ended 31 July 2011			
	Note	Year Ended 31 July 2011	Year Ended 31 July 2010
		£m	£m
<b>Net cash inflow from operating activities</b>	25	<b>46.9</b>	25.4
<b>Returns on investments and servicing of finance</b>	26	<b>(3.5)</b>	(3.7)
<b>Taxation</b>	10	–	–
<b>Capital expenditure and financial investment</b>	27	<b>(8.5)</b>	(16.0)
<b>Management of liquid resources</b>		<b>(26.3)</b>	16.0
<b>Financing</b>	28	<b>(2.7)</b>	(2.7)
<b>Increase in cash in the period</b>	29	<b>5.9</b>	19.0

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

	Movement in Year	Movement in Year
	£m	£m
Increase/(decrease) in short term deposits	<b>26.3</b>	(16.0)
Increase in cash at bank and call accounts	<b>5.9</b>	19.0
<b>Total increase in cash and liquid resources</b>	<b>32.2</b>	3.0

## Reconciliation of Net Cash Flow to Movement in Net Funds/(Debt)

Year Ended 31 July 2011			
	Note	Year Ended 31 July 2011	Year Ended 31 July 2010
		£m	£m
<b>Increase in cash for the year</b>		<b>5.9</b>	19.0
Change in short term deposits		<b>26.3</b>	(16.0)
Change in debt		<b>2.7</b>	2.7
<b>Movement in net funds in the year</b>		<b>34.9</b>	5.7
<b>Net funds/(debt) at 1 August</b>		<b>1.5</b>	(4.2)
<b>Net funds at 31 July</b>	29	<b>36.4</b>	1.5

## Notes to the Accounts

### Note 1 Funding Council Grants

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£m	£m
Recurrent Grant	110.4	113.1
Specific grants		
Training & Development Agency for Schools grant	0.9	0.9
Higher Education Innovation Fund	3.0	1.8
Centre for Teaching and Learning	0.1	0.9
Overseas Research Students award scheme	0.2	0.3
HEFCE Matched Funding	1.4	1.1
Other	0.9	0.8
Deferred capital grants released in year		
Buildings (Note 20)	7.6	5.1
Equipment (Note 20)	1.4	1.8
	125.9	125.8

### Note 2 Tuition Fees and Education Contracts

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£m	£m
Home full-time undergraduate students	45.0	42.9
Home full-time postgraduate students	8.6	8.1
Home part-time students	3.1	3.1
Overseas students	64.3	48.3
NHS education contracts	6.8	8.6
Research training support grants and other fees	16.5	15.8
	144.3	126.8

### Note 3 Research Grants and Contracts

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£m	£m
Research Councils	39.2	40.9
UK Based charities	12.0	12.2
European Commission	12.1	12.4
Other grants and contracts	33.4	28.9
Release from deferred capital grants (Note 20)	4.6	4.3
	101.3	98.7

### Note 4 Other Income

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£m	£m
Residences, catering and conferences	15.2	15.7
Other services rendered	16.8	18.6
Health authorities	8.1	7.5
Releases from deferred capital grants (Note 20)	3.9	3.7
Other income	12.8	10.2
Income from joint ventures	4.2	0.3
	61.0	56.0

### Note 5 Endowment and Investment Income

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£m	£m
Income from expendable endowments (Note 21)	0.1	0.2
Income from permanent endowments (Note 21)	0.6	0.6
Other investment income	1.0	0.8
	1.7	1.6

## Note 6 Staff

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£m	£m
Staff costs		
Wages and salaries	173.5	171.0
Social security costs	14.2	14.0
Other pension costs (Note 30)	33.7	33.2
	<b>221.4</b>	218.2
	<b>£000</b>	£000
Emoluments of the Vice-Chancellor included above for the period 1 August 2010 to 31 July 2011		
Salary	267	251
Benefits in kind	4	4
	<b>271</b>	255
Employer pension contributions	40	39

Salary is the contractual salary before adjusting for salary sacrifice.

Information relating to the Vice-Chancellor's expenses claims paid in the financial year 2010–2011 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 below.

	Year Ended 31 July 2011	Year Ended 31 July 2010
	Number	Number
£100,000–£109,999	19	17
£110,000–£119,999	14	16
£120,000–£129,999	11	14
£130,000–£139,999	10	11
£140,000–£149,999	10	11
£150,000–£159,999	8	4
£160,000–£169,999	8	8
£170,000–£179,999	3	1
£180,000–£189,999	2	4
£190,000–£199,999	–	–
£200,000–£209,999	–	1
£210,000–£219,999	2	1
£220,000–£229,999	–	1
£230,000–£239,999	1	–
£240,000–£249,999	–	–
£250,000–£259,999	–	1

	Full Time Equivalents	Full Time Equivalents
Staff numbers		
Academic	1,855	1,901
Academic services	496	465
Central administration and services	473	494
Premises	401	396
Research, grants and contracts	1,432	1,402
Residences, catering and conferences	174	190
Staff and student facilities	135	135
	<b>4,966</b>	4,983

**Note 7 Other Operating Expenses**

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£m	£m
Consumables and laboratory expenditure	12.4	12.4
Books and periodicals	3.5	3.4
Printing, stationery and postage	3.7	4.0
Rates	1.2	1.0
Fellowships, scholarships, bursaries and prizes	33.6	31.6
Furniture and equipment	11.5	9.6
Heat, light, water and power	9.5	8.5
Repairs and general maintenance	10.7	7.7
Grants to University of Sheffield Students' Union	2.5	2.3
Rents	4.6	6.1
Auditors' remuneration	0.1	0.1
Auditors' remuneration in respect of non-audit services	0.1	0.1
Professional fees and bought in services	10.9	11.4
Provision for bad and doubtful debts	(0.3)	(0.6)
Administrative expenses	5.0	5.7
Travel and subsistence expenses	7.9	7.8
Payments to non-contracted staff	6.9	7.1
Conference and meeting expenditure	1.3	1.3
Professional subscriptions	1.5	1.2
Restructuring costs and redundancy payments	0.7	0.4
Student placement fees	2.0	1.8
Impairment of building held for resale	1.4	2.2
Other expenses	4.4	5.0
	<b>135.1</b>	<b>130.1</b>

Auditors' remuneration for the University of Sheffield was £63,000 (2010: £59,925).

Travel and subsistence expenses includes £3,663 paid to members of the University Council (2010: £1,979). No remuneration was paid to members of the University Council in the year (2010: £0).

The provision for bad and doubtful debts as at 31 July 2011 was £2,059,000.

**Note 8 Interest Payable and Similar Charges**

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£m	£m
Loans not wholly repayable within five years	5.2	5.3
Finance pension costs	1.4	3.2
	<b>6.6</b>	<b>8.5</b>

**Note 9 Analysis of 2010–2011 Expenditure by Activity**

	Staff Costs	Operating Expenses	Depreciation	Interest Payable	Total
	£m	£m	£m	£m	£m
Academic departments	110.3	27.8	3.6	–	141.7
Academic services	14.6	10.0	1.3	–	25.9
Central administration and services	18.4	8.4	2.1	1.4	30.3
General educational expenditure	2.9	20.0	–	–	22.9
Staff and student facilities	4.6	3.9	0.5	–	9.0
Research grants and contracts	48.5	22.8	4.8	–	76.1
Residences, catering and conferences	3.5	10.3	2.5	–	16.3
Premises	10.5	20.5	22.6	5.2	58.8
Other expenses	8.1	11.4	0.3	–	19.8
	<b>221.4</b>	<b>135.1</b>	<b>37.7</b>	<b>6.6</b>	<b>400.8</b>

The depreciation charge has been funded by:

Deferred capital grants released	17.4
Revaluation reserve released (Note 22)	10.1
General income	10.2
	<b>37.7</b>

## Note 10 Taxation

The University has a group corporation tax charge of £28.7k (2009–2010: £6.6k).

The deferred tax provided is £19.0k (2009–2010: £7.0k).

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 2011	Year Ended 31 July 2010
	£m	£m
<b>Total</b>	<b>2.4</b>	<b>2.7</b>

The reduction in the UK corporation tax rate from 28% to 26%, effective from 1 April 2011, was substantively enacted on 5 July 2011, together with a further reduction to 25% to become effective from 1 April 2012.

Therefore the deferred tax liabilities disclosed in these accounts have been calculated using the rate of 25%.

Although further reductions have been announced, down to 23%, these have not yet been substantively enacted. However, these reductions will have the effect of further reducing the University's future deferred tax liabilities accordingly.

## Note 11 Surplus/(deficit) on continuing operations for the period

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£m	£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	29.2	17.7
Profit/(loss) on disposal of fixed assets and investments	0.4	(1.1)
Consolidation of subsidiary companies	0.1	0.8
Group surplus for the period	29.7	17.4
Share of associates' and joint ventures' surplus/(deficit)	0.3	(0.2)
<b>Surplus on continuing operations before tax</b>	<b>30.0</b>	<b>17.2</b>

## Note 12 Tangible Assets (Consolidated)

	Land and Buildings		Equipment	Total	
	Freehold	Long Leasehold	Assets in Course of Construction		
	£m	£m	£m	£m	
<b>Valuation/Cost</b>					
<b>At 1 August 2010</b>					
Valuation	436.5	37.2	–	1.0	474.7
Cost	18.4	1.5	49.4	101.0	170.3
Additions at cost	13.0	0.8	34.5	6.4	54.7
Transfers	38.5	2.9	(44.4)	3.0	–
Gain on revaluation	26.4	0.7	–	–	27.1
Loss on revaluation	(9.8)	(2.9)	–	–	(12.7)
<b>Disposals</b>					
Valuation	(1.0)	–	–	–	(1.0)
Cost	–	–	–	(1.2)	(1.2)
<b>At 31 July 2011</b>					
<b>Valuation</b>	<b>472.1</b>	<b>35.9</b>	<b>–</b>	<b>1.0</b>	<b>488.1</b>
<b>Cost</b>	<b>49.9</b>	<b>4.3</b>	<b>39.5</b>	<b>109.2</b>	<b>223.8</b>
<b>Depreciation</b>					
<b>At 1 August 2010</b>	<b>43.7</b>	<b>2.2</b>	<b>–</b>	<b>78.5</b>	<b>124.4</b>
Charge for year	22.0	2.4	–	11.2	35.6
Impairment write down	1.2	–	–	–	1.2
Revaluation	(35.8)	(4.4)	–	–	(40.2)
Eliminated on disposals	(0.8)	–	–	(1.1)	(1.9)
<b>At 31 July 2011</b>	<b>30.3</b>	<b>0.2</b>	<b>–</b>	<b>88.6</b>	<b>119.1</b>
<b>Net book value</b>					
<b>At 31 July 2011</b>	<b>491.7</b>	<b>40.0</b>	<b>39.5</b>	<b>21.6</b>	<b>592.8</b>
<b>At 1 August 2010</b>	<b>411.2</b>	<b>36.5</b>	<b>49.4</b>	<b>23.5</b>	<b>520.6</b>

**Note 12 Tangible Assets (University)**

	Land and Buildings			Equipment	Total
	Freehold	Long Leasehold	Assets in Course of Construction		
	£m	£m	£m	£m	£m
<b>Valuation/Cost</b>					
At 1 Aug 2010					
Valuation	424.0	35.4	–	1.0	460.4
Cost	18.4	1.5	49.4	100.7	170.0
Additions at cost	13.0	0.8	34.5	6.3	54.6
Transfers	38.5	2.9	(44.4)	3.0	–
Gain on revaluation	26.4	0.7	–	–	27.1
Loss on revaluation	(9.8)	(2.9)	–	–	(12.7)
<b>Disposals</b>					
Valuation	(1.0)	–	–	–	(1.0)
Cost	–	–	–	(1.2)	(1.2)
<b>At 31 July 2011</b>					
<b>Valuation</b>	<b>459.6</b>	<b>34.1</b>	<b>–</b>	<b>1.0</b>	<b>494.7</b>
<b>Cost</b>	<b>49.9</b>	<b>4.3</b>	<b>39.5</b>	<b>108.8</b>	<b>202.5</b>
<b>Depreciation</b>					
At 1 August 2010					
	43.0	2.2	–	78.4	123.6
Charge for year	21.7	2.4	–	11.2	35.3
Impairment write down	0.4	–	–	–	0.4
Revaluation	(35.8)	(4.4)	–	–	(40.2)
Eliminated on disposals	(0.8)	–	–	(1.1)	(1.9)
<b>At 31 July 2011</b>	<b>28.5</b>	<b>0.2</b>	<b>–</b>	<b>88.5</b>	<b>117.2</b>
<b>Net book value</b>					
<b>At 31 July 2011</b>	<b>481.0</b>	<b>38.2</b>	<b>39.5</b>	<b>21.3</b>	<b>580.0</b>
<b>At 1 August 2010</b>	<b>399.4</b>	<b>34.7</b>	<b>49.4</b>	<b>23.3</b>	<b>506.8</b>

**Note 13 Fixed Asset Investments**

	As at 31 July 2011		As at 31 July 2010	
	Group	University	Group	University
	£m	£m	£m	£m
Balance at 1st August	10.8	31.2	14.4	34.6
Investment return on Escafeld Estates Limited	–	–	–	(1.1)
Appreciation/(depreciation) on revaluation	0.3	0.3	0.5	0.5
Impairment of fixed asset investments	(0.9)	(1.6)	–	–
Other net losses	0.5	0.1	(4.1)	(2.8)
<b>Balance at 31 July</b>	<b>10.7</b>	<b>30.0</b>	<b>10.8</b>	<b>31.2</b>
<b>Represented by:</b>				
Fixed interest stocks	1.5	1.5	1.5	1.5
Equities	3.8	3.8	4.2	4.2
Equities – group holdings	4.6	23.9	4.4	24.8
Loans to associate companies	0.7	0.7	0.7	0.7
Cash	0.1	0.1	–	–
<b>Total fixed asset investments</b>	<b>10.7</b>	<b>30.0</b>	<b>10.8</b>	<b>31.2</b>
<b>Fixed interest and equities at cost and bank balances</b>	<b>3.1</b>	<b>26.5</b>	<b>3.2</b>	<b>27.4</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 2011		As at 31 July 2010	
	Group	University	Group	University
	£m	£m	£m	£m
Prepayment: capital contribution to residences project	16.2	16.2	16.5	16.5

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

	As at 31 July 2011		As at 31 July 2010	
	Group	University	Group	University
	£m	£m	£m	£m
Debtors	46.1	45.3	38.8	39.1
Prepayment: capital contribution to residences project	0.5	0.5	0.5	0.5
Other prepayments and accrued income	7.1	7.0	5.0	5.0
	53.7	52.8	44.3	44.6

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

	As at 31 July 2011		As at 31 July 2010	
	Group	University	Group	University
	£m	£m	£m	£m
Bank loans and overdrafts	2.7	2.7	2.7	2.7
Payments received in advance	52.1	52.1	51.6	51.1
Creditors	30.6	30.1	28.4	28.5
Social security and other taxation payable	4.9	4.9	4.8	4.8
Accruals	14.3	14.3	14.8	14.7
	104.6	104.1	102.3	101.8

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

	As at 31 July 2011		As at 31 July 2010	
	Group	University	Group	University
	£m	£m	£m	£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	76.5	76.5	79.1	79.1
Long term creditor	0.4	0.4	–	–
	87.6	87.6	89.8	89.8

#### Note 18 Borrowings – Summary of University Borrowing at 31 July 2011

Institution	Date	Term	Type	Interest	Due within	Due in
					one year	more than one year
					£m	£m
Unifund Plc	31 May 2007	40 years	Private Placement	Fixed – 5.3300%	–	59.7
Lloyds TSB Plc	30 November 2007	15 years	Term Loan	Fixed – 5.4750%	2.7	27.4
				Variable – 0.8534%		
					2.7	87.1

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.

<b>Note 19 Provisions for Liabilities and Charges</b>			
	Retirement Costs	Other	Total
	£m	£m	£m
At 31 July 2010	2.2	1.6	<b>3.8</b>
Utilised in Year	(0.7)	(0.1)	<b>(0.8)</b>
Transfer to Income and Expenditure Account	–	(0.9)	<b>(0.9)</b>
<b>At 31 July 2011</b>	<b>1.5</b>	<b>0.6</b>	<b>2.1</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 the final disposal costs of sealed sources as defined by the High Activity Sealed Source Regulations of 2005 (S12005 No. 2686). The current estimates for the provision are £1,500 for the disposal of a large Sr-90 source and £78,500 for the disposal of two IBL 437C irradiators. These provisions will be renewed on a biennial basis.

Other provisions also includes a sum for the outcome of the National Minimum Wage consultation.

<b>Note 20 Deferred Capital Grants</b>			
	Funding Council	Other Grants & Benefactions	Total
	£m	£m	£m
<b>Balance at 31 July 2010</b>			
Buildings	114.3	54.2	<b>168.5</b>
Equipment	14.4	10.6	<b>25.0</b>
<b>Total</b>	<b>128.7</b>	<b>64.8</b>	<b>193.5</b>
<b>Cash Received</b>			
Buildings	15.4	25.1	<b>40.5</b>
Equipment	–	5.9	<b>5.9</b>
<b>Total</b>	<b>15.4</b>	<b>31.0</b>	<b>46.4</b>
<b>Released to Income and Expenditure</b>			
Buildings (Notes 1, 3 and 4)	(7.6)	(3.2)	<b>(10.8)</b>
Equipment (Notes 1, 3 and 4)	(1.3)	(5.3)	<b>(6.6)</b>
<b>Total</b>	<b>(8.9)</b>	<b>(8.5)</b>	<b>(17.4)</b>
<b>At 31 July 2011</b>			
<b>Buildings</b>	<b>122.1</b>	<b>76.1</b>	<b>198.2</b>
<b>Equipment</b>	<b>13.1</b>	<b>11.2</b>	<b>24.3</b>
<b>Total</b>	<b>135.2</b>	<b>87.3</b>	<b>222.5</b>

## Note 21 Endowment funds and linked charities

	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	Total Year Ended 31 July 2011
	£m	£m	£m	£m	£m
<b>Balances at 31 July 2010</b>					
Capital	6.2	19.5	25.7	2.5	<b>28.2</b>
Accumulated income	–	3.9	3.9	0.5	<b>4.4</b>
	6.2	23.4	29.6	3.0	<b>32.6</b>
New endowments received	–	0.2	0.2	0.1	<b>0.3</b>
Investment income (Note 5)	0.2	0.4	0.6	0.1	<b>0.7</b>
Expenditure	(0.2)	(0.5)	(0.7)	(0.2)	<b>(0.9)</b>
Increase in market value	0.4	1.3	1.7	0.1	<b>1.8</b>
<b>At 31 July 2011</b>	<b>6.6</b>	<b>24.8</b>	<b>31.4</b>	<b>3.1</b>	<b>34.5</b>
<b>Representing:</b>					
Fellowships and scholarship funds	–	11.0	11.0	1.9	<b>12.9</b>
Prize funds	–	1.0	1.0	0.5	<b>1.5</b>
Chairs and lectureship funds	–	3.3	3.3	0.1	<b>3.4</b>
Other funds	6.6	9.5	16.1	0.6	<b>16.7</b>
	6.6	24.8	31.4	3.1	<b>34.5</b>
<b>Represented by:</b>					
Capital	6.6	21.0	27.6	2.7	<b>30.3</b>
Accumulated income	–	3.8	3.8	0.4	<b>4.2</b>
	6.6	24.8	31.4	3.1	<b>34.5</b>
<b>The value of Endowment Asset Investments at 31 July 2011 was represented by:</b>					
Fixed interest stocks					<b>8.5</b>
Equities					<b>21.5</b>
Bank balances					<b>4.5</b>
Total endowment assets					<b>34.5</b>

## Linked Charities

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

	Brought Forward	Additions & Transfers	Change in Market Value	Income	Expenditure	Carried Forward
	£m	£m	£m	£m	£m	£m
<b>Funds and charities with income over £100,000: Yorkshire Cancer Research Endowment</b>	6.1	–	0.5	0.2	(0.3)	<b>6.5</b>
<b>Funds and charities with income below £100,000: Endowed funds (4) and non-endowed funds (1)</b>	0.3	0.1	–	–	–	<b>0.4</b>

## Note 22 Revaluation Reserve

		As at 31 July 2011		As at 31 July 2010	
		Group	University	Group	University
		£m	£m	£m	£m
Balance at 1 August	– Tangible assets	201.0	201.3	210.1	209.2
	– Investments	3.8	3.5	3.3	3.0
		<b>204.8</b>	<b>204.8</b>	213.4	212.2
Revaluation in year	– Tangible assets	54.6	54.6	(0.3)	0.7
	– Investments	0.3	0.3	0.5	0.5
	Released to income and expenditure account on sale of tangible asset	0.1	0.1	(0.2)	(0.2)
	Contribution to depreciation	(10.1)	(10.0)	(8.6)	(8.4)
Balance at 31 July	– Tangible assets	245.6	246.0	201.0	201.3
	– Investments	4.1	3.8	3.8	3.5
		<b>249.7</b>	<b>249.8</b>	<b>204.8</b>	<b>204.8</b>

**Note 23 General Reserve**

	As at 31 July 2011		As at 31 July 2010	
	Group	University	Group	University
	£m	£m	£m	£m
Balance at 31 July 2010	91.5	85.7	64.4	58.3
Surplus after depreciation of assets	30.2	29.5	16.8	17.4
Release from revaluation reserve	10.0	9.9	8.8	8.5
	131.7	125.1	90.0	84.2
(Less)/add pension (surplus)/deficit	(0.5)	(0.5)	1.5	1.5
<b>Balance at 31 July 2011</b>	<b>131.2</b>	<b>124.6</b>	<b>91.5</b>	<b>85.7</b>

**Note 24 Pension Reserve**

	As at 31 July 2011		As at 31 July 2010	
	Group	University	Group	University
	£m	£m	£m	£m
Balance at 31 July 2010	(58.3)	(58.3)	(73.9)	(73.9)
Actuarial gain in respect of pension scheme	5.0	5.0	17.1	17.1
Add/(less) pension surplus/(deficit) from general reserve	0.5	0.5	(1.5)	(1.5)
<b>Balance at 31 July 2011</b>	<b>(52.8)</b>	<b>(52.8)</b>	<b>(58.3)</b>	<b>(58.3)</b>

**Note 25 Reconciliation of Consolidated Operating Surplus to Net Cash Inflow from Operating Activities**

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£m	£m
Surplus for the year	30.2	16.8
Depreciation and impairments	37.7	33.3
Fixed asset investment other net (gains)/losses	(0.5)	4.1
Write down of asset held for resale	1.4	2.2
Loss on disposal of assets	0.3	0.2
Deferred capital grants released to income (Note 20)	(17.4)	(14.9)
Pension costs less contributions payable	(0.5)	1.5
Investment income	(1.6)	(1.6)
Interest payable	5.2	5.3
Increase in stocks	–	(0.1)
Increase in debtors	(8.9)	(3.2)
Increase/(decrease) in creditors	2.7	(7.2)
Decrease in provisions	(1.7)	(11.0)
<b>Net Cash Inflow from operating activities</b>	<b>46.9</b>	<b>25.4</b>

**Note 26 Returns on Investments and Servicing of Finance**

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£m	£m
Income from endowments	0.7	0.8
Income from short-term investments	1.0	0.8
Interest paid	(5.2)	(5.3)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(3.5)</b>	<b>(3.7)</b>

**Note 27 Capital Expenditure and Financial Investment**

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£m	£m
Tangible assets acquired	(54.7)	(53.1)
Endowment asset investments acquired	(0.3)	–
<b>Total fixed and endowment asset investments acquired</b>	<b>(55.0)</b>	<b>(53.1)</b>
Receipts from sales of fixed assets	–	1.1
Deferred capital grants received	46.4	35.7
Utilisation of endowment fund balances	(0.2)	0.3
Endowments received	0.3	–
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(8.5)</b>	<b>(16.0)</b>

**Note 28 Analysis of Changes in Financing during the year**

	Mortgages & Loans
	£m
Balance at 31 July 2009	95.2
New leases/loans	–
Capital repayments	(2.7)
<b>Net amount released in year</b>	<b>(2.7)</b>
Balance at 31 July 2010	92.5
New leases/loans	–
Capital repayments	(2.7)
<b>Net amount released in year</b>	<b>(2.7)</b>
<b>Balances at 31 July 2011</b>	<b>89.8</b>

**Note 29 Analysis of Changes in Net Funds**

	At 1 August 2010	Cash Flows	Other Changes	At 31 July 2011
	£m	£m	£m	£m
<b>Cash at Bank and in Hand</b>				
Endowment assets	4.4	(0.2)	–	4.2
Other	15.7	(1.7)	–	14.0
Deposits repayable on demand	17.7	7.8	–	25.5
<b>Total cash at bank and in hand</b>	<b>37.8</b>	<b>5.9</b>	<b>–</b>	<b>43.7</b>
Short-term deposits	56.2	26.3	–	82.5
Debt due within one year	(2.7)	–	–	(2.7)
Debt due after one year	(89.8)	2.7	–	(87.1)
<b>Total</b>	<b>1.5</b>	<b>34.9</b>	<b>–</b>	<b>36.4</b>

### 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 contracted out of the State Second Pension (S2P) the assets of which 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.

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£m	£m
USS	26.9	25.5
USPS including FRS 17 adjustments	5.2	6.0
Other pension schemes	1.6	1.7
	33.7	33.2

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

The Universities' Superannuation Scheme (USS) is the main scheme covering most academic and academic-related staff, which provides benefits based on final pensionable salary. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Limited.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme.

As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

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

### Note 30 Pension Schemes (continued)

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 2011 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% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

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

At the valuation date the value of the assets of the scheme was £28,842.6m and the value of the scheme's technical provisions was £28,135.3m indicating a surplus of £707.3m. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 107% funded on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

### 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 except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. 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.

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

Since 31 March 2008 global investment markets have continued to fluctuate and at 31 March 2011 the market's assessment of inflation has increased slightly. The government has also announced a change to the inflation measure used in determining the "Official Pensions Index" from the Retail Prices Index to the Consumer Prices Index. The actuary has taken this all into account in his funding level estimates at 31 March 2011 by reducing the assumption for pension increases from 3.3% pa to 2.9% pa. The actuary has estimated that the funding level as at 31 March 2011 under the scheme specific funding regime had fallen from 103% to 98% (a deficit of circa £700m). Over the past twelve months, the funding level has improved from 91%, as at 31 March 2010 to 98%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the three years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions). The next formal valuation is at 31st March 2011 and this will incorporate updated assumptions agreed by the trustee company.

With effect from 1 October 2011, new joiners to the scheme will join the new revalued benefits section rather than the existing final salary section. This change will have an impact, expected to be positive, on the future funding levels.

On the FRS17 basis, using an AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 54%.

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.

### Note 30 Pension Schemes (continued)

The next formal triennial actuarial valuation is as at 31 March 2011 and will incorporate allowance for scheme benefit changes and any changes the trustee makes to the underlying actuarial assumptions. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2011, USS had over 142,000 active members and the institution had 3,150 active members participating in the scheme.

The total pension cost for the institution was £26,934m (2009–10 £25,487m). The contribution rate payable by the institution was 16% of pensionable salaries. During the financial year 2010–2011 the University continued to participate in a salary sacrifice scheme, which resulted in higher employer contributions to the pension scheme as they included the contributions that would previously have been paid by employees.

#### FRS 17 (Retirement Benefits)

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

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

#### (ii) The University of Sheffield Pension Scheme (USPS)

##### FRS 17 (Retirement Benefits) Disclosure for the accounting period ending 31 July 2011 University of Sheffield Pension Scheme

The University operates a final salary defined benefit pension scheme that non-academic employees of the University can participate in, called the University of Sheffield Pension Scheme. The scheme is externally funded and is contracted out of the state second tier of pension provision.

The last formal triennial actuarial valuation of the scheme was performed as at 1 April 2011 by a professionally qualified actuary. The results of this latest valuation were not available at the time these financial statements were compiled. The results of the previous triennial valuation in 2008 have been used in these disclosures where applicable.

During the accounting period, the University paid contributions to the pension scheme at the rate of 21.6% of pensionable salaries. The University has also contributed the Salary Sacrifice amount, 6.8% of pensionable salaries, for each Non-Contributory member (i.e. those participating in the Salary Sacrifice arrangement). Except for Non-Contributory members, members were required to contribute 6.8% of pensionable salaries.

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 £428,000 pa. These liabilities are not separately funded.

**Note 30 Pension Schemes (continued)****Assumptions**

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

	At 31 July 2011 %pa	At 31 July 2010 %pa
Price Inflation (RPI)	3.5	3.3
Price Inflation (CPI)	2.5	2.6
Rate of increase in salaries	4.8	4.6
Rate of increase of pensions in payment for USPS members	2.5	2.6
Rate of increase of pensions in payment for ex-gratia pensioners*	3.5	3.3
Increases to deferred pensions before retirement	2.5	2.6
Discount rate	5.4	5.4

\* Excluding ex-gratia pensions for non-academics, which are subject to fixed 3% pa increases.

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 2010	20.7	22.6	23.2	25.0
At 31 July 2011	20.9	22.7	23.3	25.1

**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 (i.e. equities and bonds). 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 2011 £m	Fair value as at 31 July 2010 £m	Fair value as at 31 July 2009 £m
Equities	91.7	78.3	64.6
Government bonds	7.8	6.9	6.7
Corporate bonds	0.8	1.1	1.8
Property	4.6	4.2	2.6
Cash	3.5	2.7	3.2
<b>Total</b>	<b>108.4</b>	<b>93.2</b>	<b>78.9</b>

	31 July 2011 % pa	31 July 2010 % pa	31 July 2009 % pa
The weighted average expected long-term rates of return were:	7.1	7.5	7.8

### 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 £5.1m of the total liabilities of £161.2m and £0m of the total assets.

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£m	£m
<b>Analysis of the amount shown in the balance sheet for USPS and ex-gratia pensions:</b>		
Scheme assets	108.4	93.2
Scheme liabilities	(161.2)	(151.6)
<b>Deficit in the scheme – net pension liability</b>	<b>(52.8)</b>	<b>(58.3)</b>
<b>Analysis of the amount charged to staff costs within operating surplus for USPS:</b>		
Current service cost	5.5	6.2
Past service costs	–	0.1
<b>Total operating charge:</b>	<b>5.5</b>	<b>6.2</b>
<b>Analysis of the amount charged to interest payable/credited to other finance income for USPS and ex-gratia pensions</b>		
Interest cost	8.2	9.1
Expected return on assets	(7.1)	(6.2)
<b>Net charge to other finance income</b>	<b>1.1</b>	<b>2.9</b>
<b>Total profit and loss charge before deduction for tax</b>	<b>6.6</b>	<b>9.2</b>
<b>Analysis of amounts recognised in STRGL for USPS and ex-gratia pensions:</b>		
Gain on assets	(5.5)	(7.8)
Experience loss on liabilities	–	(0.2)
Loss on liabilities	0.5	7.1
Past service credit arising on change of pension increase assumption in 2009–2010 financial year	–	(16.2)
<b>Total gain recognised in STRGL before deduction for tax</b>	<b>(5.0)</b>	<b>(17.1)</b>

### Note 30 Pension Schemes (continued)

In its June 2010 budget, the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). In the year ended 31 July 2010, the University considered the USPS scheme rules and associated members' literature and concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL') in the 2009–2010 financial statements.

Following the issue of Urgent Issues Task Force ('UITF') Abstract 48 in December 2010, the University has reconsidered its position in respect of the above and has concluded that the above treatment of the gain remains appropriate.

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

	Year to 31 July 2011	Year to 31 July 2010	Year to 31 July 2009	Year to 31 July 2008	Year to 31 July 2007
	£m	£m	£m	£m	£m
<b>Difference between actual and expected return on scheme assets:</b>					
Amount (£m)	(5.5)	(7.8)	13.8	18.2	(0.8)
% of assets at end of year	0.1	0.1	0.2	0.2	–
<b>Experience (gains)/losses on scheme liabilities:</b>					
Amount (£m)	–	(0.2)	(2.2)	–	0.3
% of liabilities at end of year	–	–	–	–	0.1

<b>Note 30 Pension Schemes (continued)</b>		
	At 31 July 2011	At 31 July 2010
	£m	£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	15.9	33.0
Cumulative actuarial losses recognised at the end of the year	10.9	15.9
<b>Analysis of movement in surplus/(deficit) for USPS and ex-gratia pensions</b>		
<b>Deficit at beginning of year</b>	<b>(58.3)</b>	(73.9)
Contributions or benefits paid by the University	7.1	7.7
Current service cost	(5.5)	(6.2)
Past service cost	–	(0.1)
Other finance charge	(1.1)	(2.9)
Gain recognised in STRGL	5.0	17.1
<b>Deficit at end of year</b>	<b>(52.8)</b>	(58.3)

	Year to 31 July 2011	Year to 31 July 2010
	£m	£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>	<b>151.5</b>	152.8
Current service cost (net of member contributions)	5.5	6.2
Past service cost	–	0.1
Interest Cost	8.2	9.1
Actual member contributions (including notional contributions)	0.2	0.2
Actuarial loss/(gain)	0.4	(9.3)
Actual benefit payments	(4.7)	(7.6)
<b>Present value of USPS and ex-gratia liabilities at the end of the year</b>	<b>161.1</b>	151.5

<b>Note 30 Pension Schemes (continued)</b>		
	Year to 31 July 2011	Year to 31 July 2010
	£m	£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>	<b>93.2</b>	78.9
Expected return on assets	7.1	6.2
Actuarial gain on assets	5.5	7.8
Actual contributions paid by University	6.7	7.3
Actual member contributions (including notional contributions)	0.2	0.2
Actual benefit payments	(4.3)	(7.1)
<b>Fair value of scheme assets at the end of the year</b>	<b>108.4</b>	93.2

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

	Year to 31 July 2011	Year to 31 July 2010
	£m	£m
<b>Actual return on Scheme assets</b>		
Expected return on Scheme assets	7.1	6.2
Asset gain/(loss)	5.5	7.8
	<b>12.6</b>	14.0

Estimated contributions for USPS in the Financial Year 2011–2012 is £4.6m assuming 100% member take up in the Salary Sacrifice arrangement.

**Note 31 Capital Commitments**

	At 31 July 2011	At 31 July 2010
	£m	£m
Commitments contracted at 31 July	12.5	14.3

**Note 32 Financial Commitments**

	At 31 July 2011	At 31 July 2010
<b>Operating lease commitments in respect of buildings and equipment for the 2010–2011 financial year, on leases expiring:</b>		
Within one year	0.1	0.1
Between two and five years	0.5	0.4
Over five years	1.0	1.0
	1.6	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 £162m and was partly financed by a bond issue by Catalyst of £155m and 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
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
Knowledge Now Limited	60.0%	Semantic based solutions for knowledge sharing
Red Deer Technology Group	100.0%	Engineering consultancy
Risk2Value Ltd	75.0%	Insurance services
Sheffield Advisory Services Ltd	100.0%	University Malaysian office
Sheffield University Enterprises Ltd	100.0%	Commercialisation of University intellectual property

**Note 33 University Companies (continued)****Associate Companies**

Bioserv Ltd	20.8%	Biological services
Blastech Ltd	24.9%	Blast, impact and ballistic testing services
Casatomic Ltd	20.0%	Research & analytical services
Conteque Ltd	24.9%	Novel reinforcement systems for structural concrete
EPTEC Ltd	42.0%	Testing services for research & development
Fusion IP plc	23.8%	Commercialisation of intellectual property
Limit State Ltd	23.3%	Computational limit analysis and software design
Material State Ltd	25.0%	Advanced materials testing and analysis
Rivelin Healthcare	20.5%	Healthcare
Vulcan Solutions Ltd	30.0%	Structural fire engineering software tool
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 and support of the teaching and learning of science
N8 Ltd	12.5%	Promotes research and collaborative research between member universities
WUN Foundation Ltd	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.

**Note 34 Hardship Funds**

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£m	£m
Balance unspent at 1 August	0.1	0.1
Funding Council grants	0.3	0.4
Less: returned to Funding Council	–	(0.1)
	0.4	0.5
Disbursed to students and administration expenses	(0.3)	(0.4)
Dyslexia assessments	(0.1)	(0.1)
<b>Balance Unspent at 31 July</b>	<b>–</b>	<b>0.1</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 2011	Year Ended 31 July 2010
	£m	£m
Balance unspent at 1st August	–	–
TDA grant received	1.0	1.2
	1.0	1.2
Disbursed to students	(0.9)	(1.2)
<b>Balance Unspent at 31 July</b>	<b>0.1</b>	<b>–</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 FRS8 (Related Party Disclosures). On the grounds of non-materiality, no information has been disclosed for organisations where the income or expenditure was less than £10,000 in the financial year.

Related Party	Income £000	Expenditure £000	Balances at 31 July due to/(from) the University £000	
<b>University Companies</b>				
Blastech Ltd	(57)	–	(13)	
EPTEC Ltd	(18)	–	–	
Fusion IP plc	(198)	36	(7)	
Intend Ltd	(77)	42	22	
Knowledge Now Ltd	(63)	–	–	
N8 Ltd	(1,440)	30	(882)	
Risk2Value Ltd	(125)	222	33	
Sheffield Advisory Services Ltd	–	110	–	
WUN Foundation Ltd	–	41	–	
YHMAN Ltd	(30)	18	–	
<b>Organisations and companies in which members of Council or senior management have an interest:</b>				
DLA Piper UK LLP	(57)	26	4	Mr P N Firth
Metalysis Ltd	(23)	–	(1)	Mr A P Pedder
Sheffield NHS Primary Care Trust	(159)	162	(16)	Mr A P Pedder
Sheffield Teaching Hospitals NHS	(25)	6,761	2,863	Prof A P Weetman
Sheffield Theatres Trust	–	11	–	Mr A P Pedder
Yorkshire and the Humber S.H.A.	(531)	1	46	Mrs K E Riddle & Ms S H Harkness







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