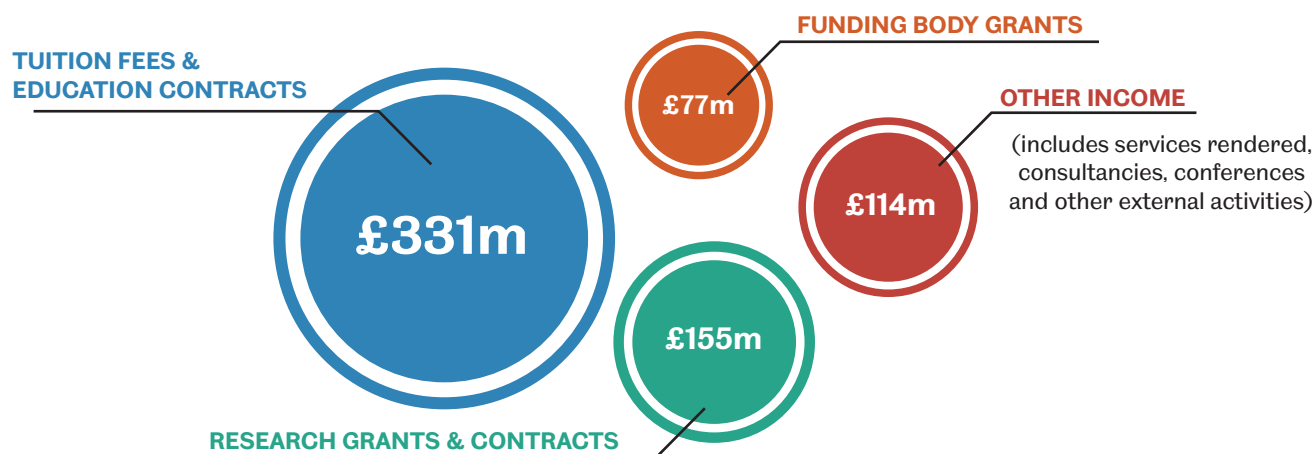


## THE UNIVERSITY OF SHEFFIELD'S UNDERLYING INCOME FOR 2018–19

### TOTAL UNDERLYING INCOME: £677m

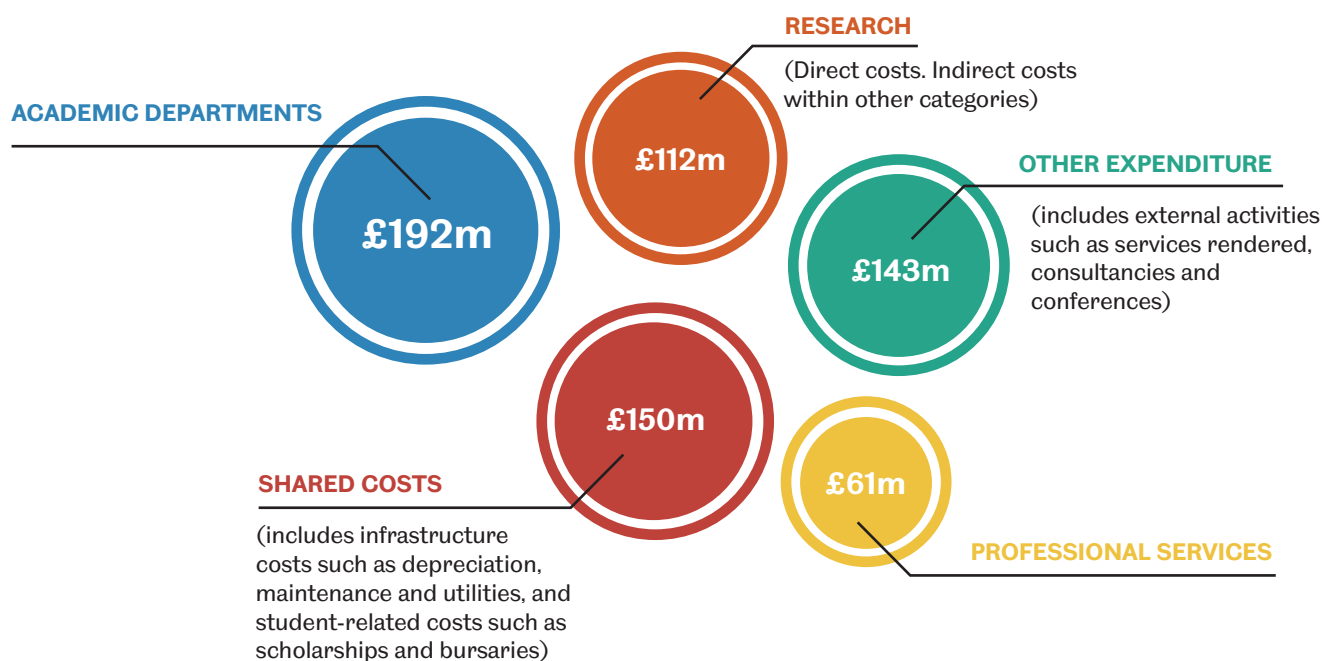
#### WHERE DOES THIS MONEY COME FROM?



## THE UNIVERSITY OF SHEFFIELD'S REVENUE EXPENDITURE FOR 2018–19

### TOTAL UNDERLYING EXPENDITURE: £658m

#### WHAT IS THIS MONEY SPENT ON?



## £677m - £658m = £19m

UNDERLYING INCOME

UNDERLYING EXPENDITURE

OPERATING SURPLUS

The University's total results, rather than the underlying results, include items which are not day-to-day operations but reflect accounting treatment. An example is the recognition of capital grants, which have to be recognised in full up front and which vary year to year, creating volatility to our bottom line surplus. For instance, in 2018–19 capital grants totalled £38m whereas in 2017–18 they totalled £52m. In our management reporting we draw out these other activities, leaving our underlying results which show our day-to-day operations. We have an underlying operating surplus of £19m. We also have other activities in the form of capital grant receipts of £38m. There are also capital grant funded building and equipment costs and other non-operational costs of £29m. This takes our operating surplus to £28m. Finally, we have the impact of the USS pension scheme liability increase of £131m based upon the 2017 USS valuation. This results in our reported total results. Including both underlying and other activities, our total results are income of £716m, expenditure of £819m and an operating deficit of £103m.

**WHY DOES THE UNIVERSITY NEED TO MAKE AN OPERATING SURPLUS ON UNDERLYING ACTIVITIES?**  
TO GENERATE THE NECESSARY LEVEL OF CASH TO:



**ENSURE THAT THE UNIVERSITY'S ACTIVITIES REMAIN FINANCIALLY SUSTAINABLE IN THE LONG TERM.**



**ENSURE THAT THE UNIVERSITY HAS SUFFICIENT RESOURCES AVAILABLE TO REPLACE, IMPROVE AND INVEST IN ITS PHYSICAL ASSETS IN ORDER TO ACHIEVE ITS ACADEMIC STRATEGY.**



**ALLOW INVESTMENT, SUCH AS FOR ADDITIONAL RESOURCES, FACILITIES AND SERVICES.**



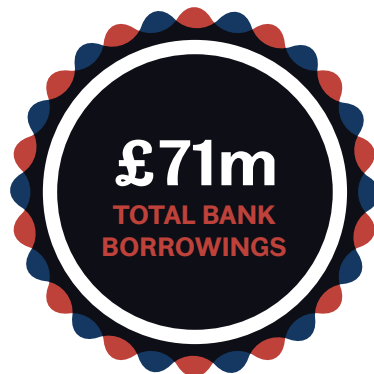
**MITIGATE AGAINST UNFORESEEN EVENTS THAT MIGHT JEOPARDISE THE FINANCIAL HEALTH OF THE UNIVERSITY IN THE SHORT TERM.**



**TARGET:**  
1.8%



**MINIMUM ACCEPTABLE:**  
15 DAYS



**MAXIMUM:**  
£330m