



The
University
Of
Sheffield.

Annual Report & Financial Statements 2016–17.







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The President and Vice-Chancellor's Introduction

The pages of this Annual Report give a snapshot of a University which is playing a key role in its region, nation and internationally. One which is progressive in many key areas of research and teaching, yet which is true to its founding vision. A University which has made very real progress and can celebrate a number of achievements in the face of a wider environment of political uncertainty and change.

As President and Vice-Chancellor, I am acutely aware that these achievements are crucially dependent on the talented people who make up our community. Yet the period covered by this report also includes a time in which we have been drawn together while facing very real questions about the status of staff from non-UK EU countries after Brexit, the mobility of students and scholars from around the world and the future of funding for crucial research. In many ways, this context which has proved a challenge for so many companies and institutions, including our National Health Service and other organisations, is deeply dependent on talents from around the world.

In addition, Universities across the UK have faced the most fundamental change to Higher Education Policy in a generation in the form of the Higher Education and Research Act. The Act sets out a new regulatory approach to Higher Education, replacing the Higher Education Funding Council for England with an Office for Students focused on consumer rights, value for money and a registry of institutions with degree awarding powers against a number of criteria. A new body – UK

Research and Innovation (UKRI) - will oversee the distribution of research funding annually.

At such times of uncertainty and change, it is all too easy for institutions to be buffeted by political pressures and for focus to be lost. This has not been the case in Sheffield. In fact, areas of strengths and innovation have proved to be increasingly relevant.

As the UK struggles to imagine a future beyond membership of the European Union, all agree that the country's economy will only thrive if companies are innovative and productivity rises. Central to this is improving research and development to enhance value and the development of a high-quality stream of workers trained with the skills of the future.

For all parties, apprentices and technical education are watchwords in the debate around industrial strategy. These are areas where Sheffield has been working for well over a decade. Our Advanced Manufacturing Research Centre is increasingly a globally-respected focus for partnership between industry and world-leading research needed to take advantage of the disruptive technologies at the heart of the fourth industrial revolution, or Industry 4.0.

In 2016, our fully-reconfigurable Factory 2050 was completed allowing the integration of data, robotics, virtual reality prototyping and design. It immediately became a magnet for further investment, with McLaren Auto announcing it would develop a purpose-built production facility alongside our

research campus. Shortly afterwards, Boeing also agreed to build its first European production facility on the site, again creating apprenticeships, drawing on research and strengthening the regional economy.

As government challenges universities to be more relevant and to deliver benefits to the local community, The University of Sheffield are ahead of the game. From work with policy makers to healthcare engineering, we have continued to make a difference. In doing so, we have been true to our founding vision to improve the healthcare of communities locally as well as globally.

Our Medical School is doing just that with research with the NHS which spans the needs of the frail elderly and those facing neurodegenerative conditions to the very youngest. The use of a 'miniature' MRI scanner for imaging the brains of premature babies, for example, is being pioneered by the University of Sheffield. This is one of only two purpose-built neonatal MRI scanners in the world. We have also seen breakthroughs in the treatment of breast cancer and work with patients and the NHS to understand and treat conditions such as Alzheimer's and Parkinson's.

At the heart of the University though are our students. And once again, I am profoundly grateful for the dedication to teaching, to support and challenge which I continually see across all the faculties of our university.

I am pleased to present the Annual Report for the University of Sheffield for the period 2016–17.

“At the heart of the University though are our students. And once again, I am profoundly grateful for the dedication to teaching, to support and challenge which I continually see across all the faculties of our university.”



At a time when young people are also facing significant pressures and uncertainty, we take real pride in the close partnership we have formed with our top-rated Students' Union to address the needs of students from improving feedback to improving opportunities to create student enterprises and effective advice on work placements and careers. I have no doubt this work contributed directly to Sheffield graduates being named the most employable of any university in the North of England.

We have also continued to work with our students in areas of concern. The University and Students' Union also continued to lobby government to recognise in its visa arrangements the vital contribution of international students to the UK, but also to our world-leading universities. And when the Government invited responses to its draft Higher Education Act, The University of Sheffield was the only major university to respond together with students. Based on the understanding that Sheffield students are not merely customers but valued members of our University, our joint response spoke of the principles of a high-quality education which serve students and society in the long term.

It would be wrong, however, to underestimate the challenges we continue to face. Despite the fact that recent rankings show that our global reputation is strengthening and that research performance in high, nobody can ignore the threats which remain.

It is likely that the turbulence around Brexit will have long-term implications for both student and staff recruitment and research funding. Our fear is that precious European staff may feel unwelcome in the UK, and we have been urgently pressing the government to secure their status as quickly as possible. Political debate around fees and funding is fierce and universities are easy scapegoats. Pension pressures continue to increase and public funding diminishes.

As a result, we need to be clear-eyed and purposeful. We must look at our strengths and honestly face up to the challenges and opportunities ahead. It is likely that the UK government will continue to add regulatory pressures even as public funding decreases so we are rightly considering potential areas of income growth both in the UK and overseas.

Whatever the future holds, however, I am proud to lead a University which I firmly believe lives up to the ambitions of its founders to create an excellent university which puts knowledge at the service of students and the wider community. I am also deeply grateful to all those who share in this work, my wonderful academic and professional colleagues. In particular, I would like to express my thanks to our outgoing Treasurer David Young who has served this University with such dedication and wisdom for so many years and to our first Provost, Professor Shearer West, who was recently appointed as Vice-Chancellor of our neighbouring University of Nottingham.

Charles Dickens famously spoke of the 'best and worst of times'. For UK universities, the period covered by this report has lived up to that description. I am, however, proud to say that the scholarship and teaching, the dedication and purpose which I have encountered in our University have been 'the best'. For that, I am deeply grateful.

Professor Sir Keith Burnett
CBE FRS FLSW
 President and Vice-Chancellor

Foreword by the Chairman

In my foreword to last year's annual report, I commented on the scale of the changes being faced by our sector. These changes continue to emerge and continue to be very fundamental to our ways of working.

In April 2017 the Higher Education and Research Act received royal assent. It will bring changes which will represent the most significant reform of higher education in our country in 25 years. creating two new bodies: the Office for Students and UK Research and Innovation, establishing a new regulatory system for the sector. The new arrangements place emphasis on the relationship between higher education providers and a new market regulator which it is intended will represent the student interest. We are still assessing the detailed changes we will need to make to our governance approach, but I am confident the Council and the University's leadership will adapt to the new conditions brought by this regulatory framework while remaining focussed on the mission, vision and values of the University, central to which is the advancement and dissemination of learning and knowledge by teaching and research. The students of the University have always been members of the University, represented on the Council and throughout our governing structures and the student interest will remain integral to all we are and do.

One significant change is the introduction by the government of a Teaching Excellence Framework (TEF) as a mechanism to link home and EU undergraduate tuition fee increases to teaching quality. The measures introduced were contested, not least by students themselves, and last year the University of Sheffield Students' Union ran a boycott of the National Student Survey given its link to the TEF and fees. The University of Sheffield was awarded TEF Silver for consistently exceeding rigorous national quality requirements for UK higher education. This award was made in June 2017 and is valid for up to three years. The government has now delayed linking TEF ratings to further increases in tuition fees, although it has approved legislation lifting the maximum tuition fee from £9,000 to £9,250 per year for full-time UK/EU undergraduates in the 2017–18 academic year, the first increase since 2012.

The pressure on forecasts caused by the impact of immigration policies on international students, any continued absence of tuition fee inflation, uncertainty around Brexit and future access to European research programmes, and future pensions cost uncertainties means that the University has had to work hard to ensure the future sustainability of its international excellence. International academics, researchers and students make an enormous contribution to the University and to the city region, to our ability to undertake world-leading research and to offer the best courses to our students, to prepare them as global citizens. We are international in our character and in our

purpose. International students come to Sheffield from 150 different countries and make up 24% of our total student body.

This international character defines the University's place locally and globally. Having a world leading University in the city attracts world leading international partners.

In February 2017 McLaren, the high-performance supercar manufacturer, announced that it would open a new purpose-built Composites Technology Centre at the Advanced Manufacturing Innovation District within the Sheffield City Region. A pioneering partnership between luxury sports car producer McLaren Automotive and the University of Sheffield has led to the development of a significant new manufacturing facility – bringing a £100 million boost to the economy.

This was the same month in which the University of Sheffield's Advanced Manufacturing Research Centre's (AMRC) co-founder Boeing announced it was to open a brand new manufacturing facility alongside the AMRC in Sheffield. The facility, to be named Boeing Sheffield, will enable Boeing to bring the manufacture of key high-tech actuation components and systems used in Boeing's Next-Generation aircraft in-house, enhancing production efficiency and reducing costs.

Siemens continues to strengthen its involvement across the University, building on existing relationships and developing new ones with research centres like the AMRC, the Urban Institute and INSIGNEO Institute for in silico Medicine. The University of Sheffield and Siemens are now working in partnership to accelerate digitalisation, technology and knowledge exchange through the development of the MindSphere Lounge. Based in the Diamond building, the MindSphere Lounge will showcase the impact of digitalisation.

The University benefitted from £3.5 million of funding for the University of Sheffield wing of the Henry Royce Institute, involving a pioneering Sheffield Royce Translational Centre next to the University's Factory 2050 at its Advanced Manufacturing Campus and a research centre at the University of Sheffield's city centre campus. These will help the UK to grow its world-leading research and innovation base in advanced-materials science, which is fundamental to all industrial sectors and the national economy.

Although what we aspire to achieve is difficult to capture in international league tables, I am pleased to report that the University performed well in the key tables we do follow and was notably rated 82nd in the 2018 QS World University Rankings and 13th in the UK.

The University is one of the 24 universities that make up the UK Russell Group. Members of this group are committed to maintaining the very best research, an outstanding teaching and learning experience and

unrivalled links with business and the public sector. In the Times Higher Education Student Experience Survey 2017, the University was voted number one in the Russell Group and third best university nationally, with the Students' Union voted best in the UK for the ninth year in a row.

While maintaining high entry standards the undergraduate population stands at around 19,600, an increase on last year. We continue to see strong postgraduate recruitment. Despite concerns about UK visa policy, our commitment to a positive message about our welcome for overseas students meant recruitment remained stable. The University of Sheffield is now home to over 4,000 Chinese students, and with a Chinese speaking Vice-Chancellor, and as the Confucius Institute of the Year, the University is a leading voice for China in the UK.

Building on the successes described above, last year we came together with leading organisations in the Sheffield City Region to produce a 25-year vision to maximise the area's potential to compete on the world stage for the benefit of its people, the region and the UK. The University of Sheffield, Sheffield Hallam University and Sheffield Teaching Hospitals NHS Foundation Trust worked closely with councils, businesses, the voluntary sector and individuals to develop a comprehensive long-term vision for the region's economic growth, innovation, healthcare, education and environment. We produced a report, A Better Future Together, which we launched in February

2017, which describes how, through working in partnership, the Sheffield City Region could be a globally connected top UK city region - rooted in its values of innovation and making.

As part of the Sheffield Culture Consortium, we were delighted when Arts Council England awarded the Consortium £150,000 to help attract tourists to our city. Building on the success of its existing Cultural Destinations project, Sheffield Culture Consortium with its partners will work together to further increase national and international visitors to the city. The University working with Sheffield BID was a proud supporter of the Sheffield Makes Music for BBC Music Day. The University also shares educational assets with schools and the community through the Festival of Health, the Festival of Arts and Humanities and the Krebs Festival of Science. In each of these events, students and staff work closely with our local community to enhance the region's economic and cultural vitality.

Across the world, our alumni continue to be a vital part of the University, offering increasing levels of support to current students and recent graduates. This can take the form of financial support, with the University securing several large individual donations during the year. Support can also be through mentoring and many of our students benefitted from input from graduates who were willing to share with them their advice and encouragement.

On finance, results for the 12 months ending 31 July showed a small underlying deficit. However, underlying income showed growth of 5.7% on the previous year compared with underlying expenditure increasing by 5.4%. Our research income showed an underlying growth of 8.7%. The University has continued to invest in our estate and facilities, some of which is described above. We continue to maintain a close control on the pace of expenditure to reflect a prudent approach to managing our cash, balance sheet and future financial sustainability. As income forecasts are adjusted in the light of external changes, this continued tight discipline will be required.

As I have said in previous reports, the University's key asset is its staff, who continue to perform at the highest level. For the past two years, the University has been placed in The Sunday Times 100 Best-Not-for-Profit organisations to work for. The University was proud to once again be named as a Stonewall Top 100 Employer within the Workplace Equality Index 2017. Our staff make us what we are, and on behalf of Council, I would like to thank them for their continuing professionalism and commitment.

My thanks and good wishes are expressed to those members of Council whose terms ended in 2017. The University owes a debt of gratitude in particular to Sarah Harkness, who joined Council in 2010 and was appointed as a Pro-Chancellor in 2013 and chaired the Audit Committee. I also offer my thanks to Professors Nicola Phillips and Mary Vincent, who had served on Council since 2014 as

elected representatives of the Senate. Thanks and good wishes also to Professor Shearer West, our previous Provost & Deputy Vice-Chancellor, who left to take up the position of Vice-Chancellor of the University of Nottingham in October 2017. David Young's term as Treasurer ends in July 2018, and David has, as you will read in his Treasurers report, done so much to protect and develop the University's assets for future generations.

I am pleased to welcome Jonathan Nicholls, John Sutcliffe and Tony Wray who have joined Council as new members. Professors Lorraine Maltby and Mike Siva-Jothy joined Council having been elected by the Senate and Kieran Maxwell joined as the new President of the Students' Union.

Dr Andrew West, who had been a member of staff of the University for 24 years, most recently as University Secretary, retired in July 2017, with our thanks and good wishes. The University Council welcomes Dr Tony Strike as its new University Secretary.

The University of Sheffield continues to be a place of discovery and learning. We face external challenges, described here, but I remain confident that we will continue to fulfil our mission for this and future generations. With an outstanding leadership team under our President and Vice-Chancellor, Professor Sir Keith Burnett, with world leading staff and with the clear sense of purpose, which has served us well since the University's inception, we are determined to protect our strong commitment to exceptional research and

teaching, to develop meaningful partnerships with local and global organisations and to seek to make the world a better place.

Tony Pedder OBE
Chair of The University of Sheffield Council



Report of the Treasurer

Introduction

2016–17 has been a challenging year. Slowing income growth, continued cost pressures, and a continually shifting and uncertain external environment have combined to pose demanding conditions.

Despite these challenges we have seen underlying income growth of 5.7%, albeit at a slower rate than typically seen in the last five years. This income growth has outstripped underlying expenditure growth of 5.4%. Our expenditure has been subjected to enhanced scrutiny and control throughout the year, both for immediate benefits and to ensure our long term financial sustainability.

We have generated £74.8m cash from our operations, allowing us to continue to invest in all aspects of our offering as a broad based, research intensive University.

New financial standards mean greater volatility in our public accounts. To provide a better understanding of trends we distinguish in our internal accounts between two categories; underlying (operational) and other activities (unusual or infrequent events as required by financial reporting standards). The table shows our results in this manner.

Summary statement of comprehensive income and expenditure

	Year ended 31 July 2017			Year ended 31 July 2016		
	Underlying	Other activities	Total	Underlying	Other activities	Total
	£m	£m	£m	£m	£m	£m
Income						
Tuition fees and education contracts	281.7	–	281.7	273.9	–	273.9
Funding body grants	74.8	9.0 ¹	83.8	75.2	25.9 ¹	101.1
Research grants and contracts	143.9	12.0 ¹	155.9	132.3	36.2 ¹	168.5
Other income	100.8	1.4 ²	102.2	87.1	5.1 ²	92.2
Total income	601.2	22.4	623.6	568.5	67.2	635.7
Expenditure						
Staff costs	329.0	(1.5) ³	327.5	311.4	0.4 ³	311.8
Other operating expenses	220.4	(11.1) ⁴	209.3	210.9	(19.0) ⁴	191.9
Depreciation	52.9	25.5 ⁵	78.4	48.5	26.8 ⁵	75.3
Interest and other finance costs	4.5	13.3 ⁶	17.8	4.7	13.2 ⁶	17.9
Total expenditure	606.8	26.2	633.0	575.5	21.4	596.9
Operating (deficit)/surplus	(5.6)	(3.8)	(9.4)	(7.0)	45.8	38.8
Gain/(loss) on fixed assets and investments	–	0.0 ⁷	0.0	–	(2.9) ⁷	(2.9)
Other gains and losses	–	0.4	0.4	–	(0.0)	(0.0)
Taxation	–	(0.1)	(0.1)	–	(0.4)	(0.4)
(Deficit)/surplus for the year after tax	(5.6)	(3.5)	(9.1)	(7.0)	42.5	35.5
Gain on revaluation of land and buildings	–	47.6 ⁸	47.6	–	78.3 ⁸	78.3
Loss in respect of pension schemes	–	(21.3) ⁹	(21.3)	–	(47.0) ⁹	(47.0)
Total comprehensive income for the year	(5.6)	22.8	17.2	(7.0)	73.8	66.8

1 Capital grant income recognised upon receipt

2 Donation income and other capital funding

3 Staff costs associated with the pension schemes

4 Capitalisation of research fixed assets, service concession agreement and pension administrative costs

5 Depreciation on research equipment and the service concession agreement

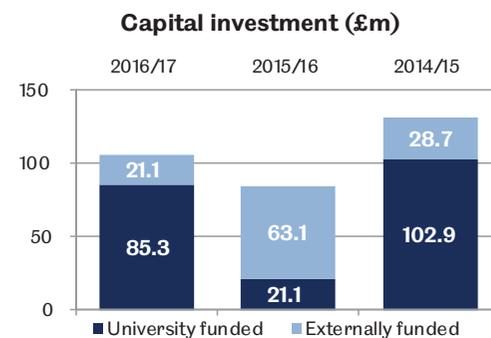
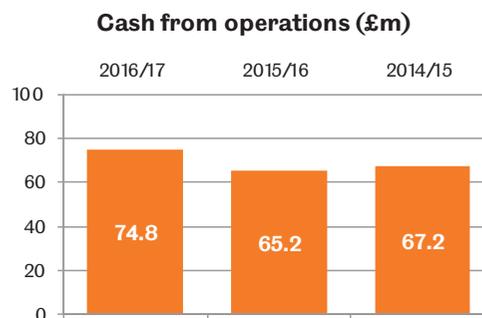
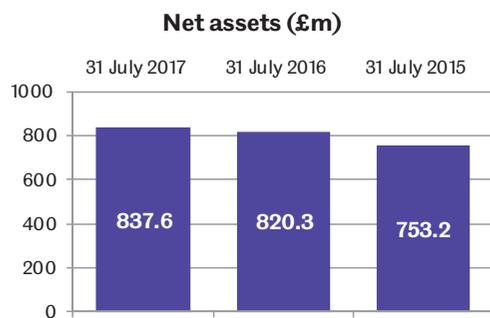
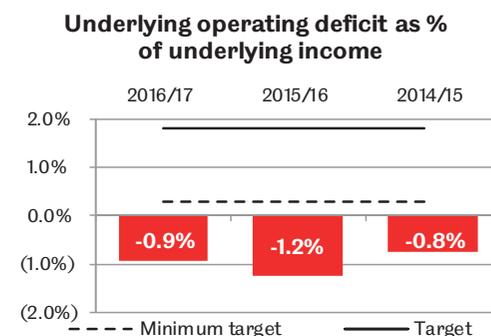
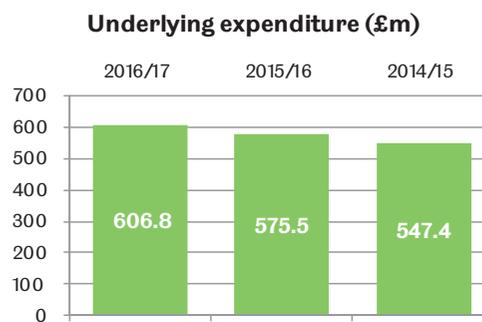
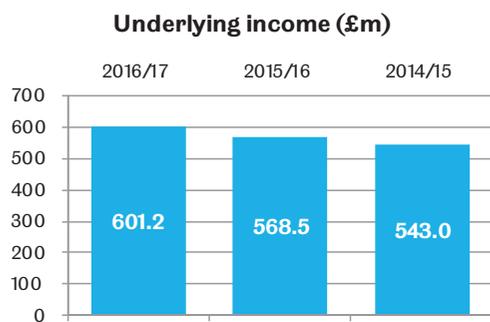
6 Additional interest costs associated with the service concession agreement

7 Movement in year end market value of investments

8 Increase in revaluation of academic and administrative estate at 31 July 2016, and the Student Village at 31 July 2017

9 Increase in accounting estimate of USPS liability (not a change arising from a triennial actuarial valuation) at 31 July 2017

Headlines of underlying performance



Underlying results

Income and expenditure

Fee income accounts for almost half of our income with home students contributing 22% of income and overseas students contributing 18% of income. Home student numbers have continued to grow despite the national demographic dip, and whilst retaining high entry standards. We also pride ourselves on being a truly international University and this is reflected in our continued strong overseas student numbers.

The subject of UK and EU fees is high on the political agenda and uncertainties regarding future UK and EU undergraduate fee levels pose challenges to both us and the sector as a whole. We appreciate the need to remain agile as an organisation so that we can respond accordingly.

HEFCE income for teaching continues to decline in line with our expectations and HEFCE income for research continues to remain static.

Our research income continues to grow with underlying growth of 8.7%.

Other income has also grown, with the University securing several large individual donations during the year.

Staff costs continue to be the University's main expenditure item with 54.2% of our expenditure being on staff.

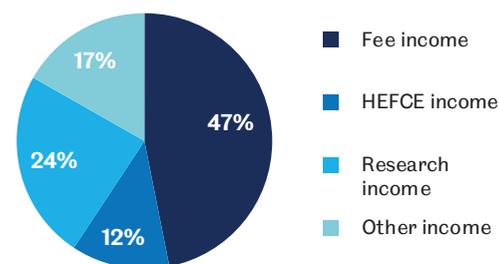
During the financial year we implemented a voluntary 'staff release scheme'; an initiative to support faculties and departments to shape their future plans and reduce staff, creating an ongoing saving on staffing budgets of £7m per annum from 2017–18 onwards.

We spent 36.3% of expenditure on operating expenses which remains consistent with the previous year. Within this category of spend our highest individual spend item was fellowships, scholarships and prizes (£33.3m).

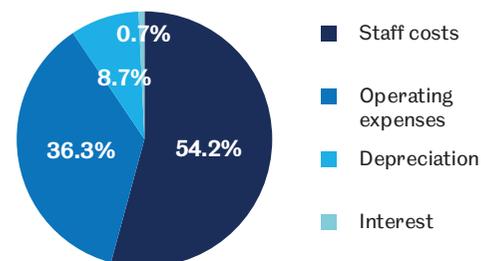
Our depreciation relative to total expenditure has increased slightly to 8.7% from 8.4%, due to a combination of capital expenditure, and buildings asset values increasing following revaluations reflecting property market conditions.

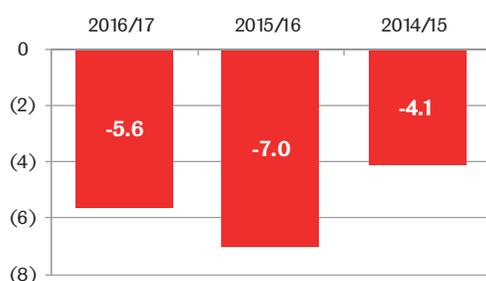
Expenditure on interest costs remains low at 0.7% of total expenditure, with the University having drawn borrowing facilities at 31 July 2017 of £74.0m.

Underlying income



Underlying expenditure

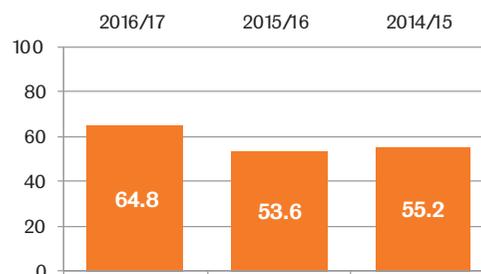


Underlying operating deficit (£m)

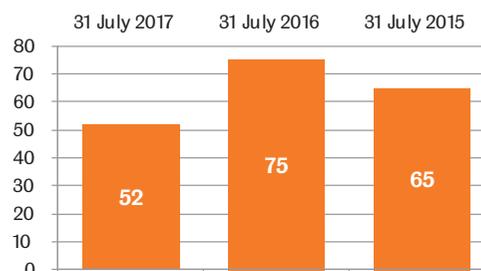
Income growth being greater than expenditure growth has enabled us to reduce our underlying operating deficit when compared to 2015–16. We are growing income alongside carefully monitoring and controlling our expenditure. We have adopted targeted initiatives to ensure that we revert to generating underlying operating surpluses in line with our strategic plan.

Cash

The introduction of FRS102 has meant that cash is becoming an increasingly important measure to report as it is not susceptible to the volatility that accounting standards have upon the income and expenditure account. HEFCE have adopted the metric of 'adjusted net operating cash flow' (ANOC), which is essentially cash from operations less interest paid, plus investment income.

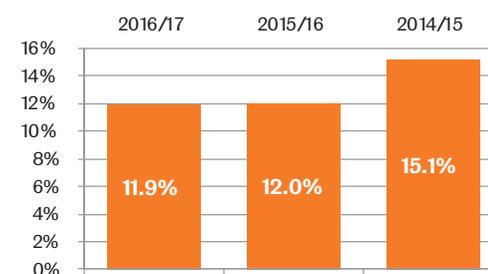
Adjusted operating cash flow (£m)

Our ANOC has increased during the year, following income growth outstripping expenditure growth.

Net liquidity days

Our net liquidity days have decreased during 2016-17 as we have continued to self-finance capital investment for the future benefit of the University.

Liquidity days are at a point in time, with our reported liquidity days being based upon our cash position at 31 July.

Borrowings as % of total income

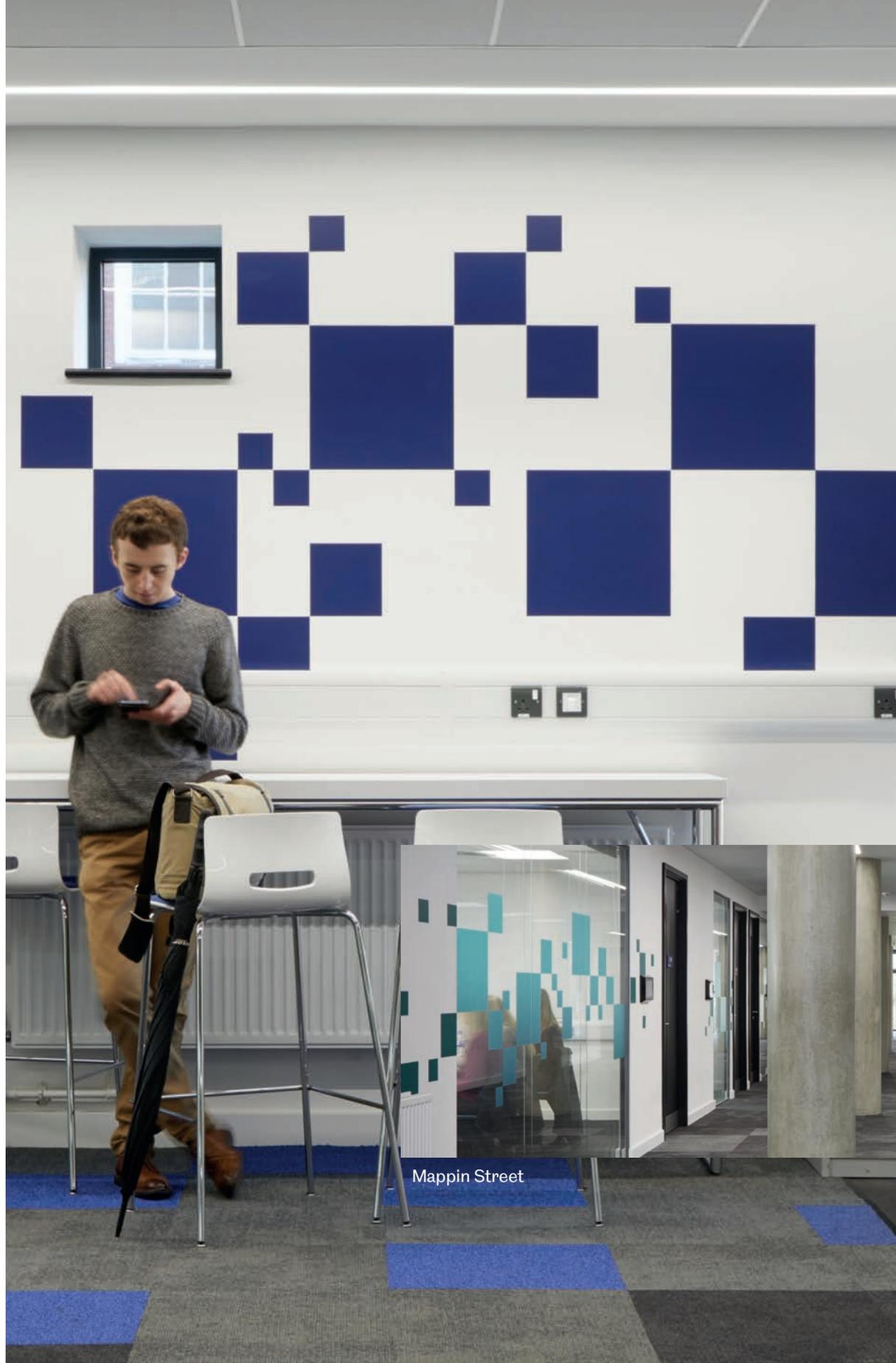
Our borrowings as a % of total income remain relatively low at 11.9%.

Like most of the sector we have been in a net debt position for several years now. Capital grants available to the sector have reduced in recent years and we have been required to use self generated cash for estates purposes. Whilst our consolidated cash balances are £41.2m at the year end, we have borrowings of £74m.

Capital

We have continued to invest in our estate during the year on a combination of refurbishments and new developments to ensure that our estate remains fit for purpose as a global top 100 University which meets the needs for our present and future staff and students.

Capital expenditure has been funded by a combination of external grants and self-financing.



Mappin Street

Conclusion



Like many in society and our local community we are facing a broad spectrum of financial challenges. We have seen increased political turbulence which has impacted upon, and will continue to impact upon us for many years. The outcomes and implications of Brexit are still uncertain. Pension pressures continue to increase. We have experienced reductions in real terms to the public funding of both teaching and research.

Remaining a financially sustainable University remains one of our key priorities. We are continually seeking out fresh opportunities and are discovering more diverse income sources to help achieve this aim. We are ensuring we are an agile organisation that can react effectively to overcome financial challenges. We remain as ambitious as ever.

We recognise the difficulties and scale of the challenges ahead, yet we remain focussed and determined to address these challenges and to protect and progress our University. We will remain one of the finest research-led teaching universities and will remain committed to our local, national, European and international communities.

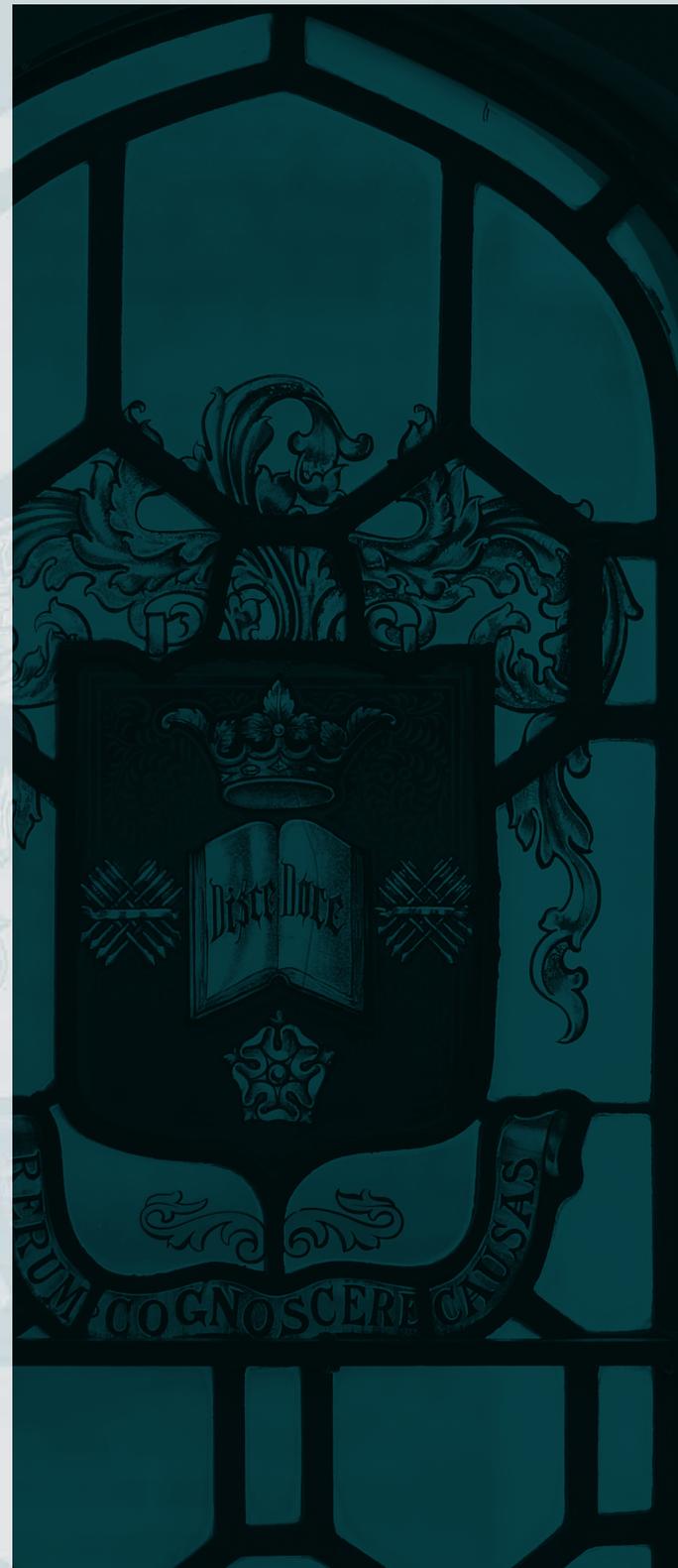
Finally, I would like to thank our staff and students for their continued commitment to our University.

This is my last report as Treasurer as my term of office ends in July 2018. My colleagues on the Finance Committee and the University finance team have been hugely supportive. I am particularly indebted to Bob Rabone, the University's former Chief Financial Officer who retired in July 2017, for his wise counsel. It has been a privilege to have served an institution of which the City of Sheffield, and indeed the nation, can be justly proud.

David Young CBE
Treasurer



Strategic plan 2016–2021



Our University Our Future Our Plan.

The choices outlined in the plan, and the targets we have set for ourselves, are underpinned by the following.

Our mission

Our mission is to educate ourselves and others and to learn through doing so, thereby improving the world.

Our vision

The University of Sheffield's vision is that research, teaching and learning together create a positive culture of higher education. 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 define this in more contemporary language as 'to discover and understand'.

Our identity

The University has expanded from its original intake of 114 students to over 27,000, who study across a broad range of areas spanning arts and humanities, social sciences, medicine, science and engineering. We are a civic institution proud of its urban character, driving growth and vibrancy for the city, the region and the globe. The University holds charitable status as an exempt charity and the Council and senior management have had due regard to the Charity Commission's public benefit guidance. Public benefit is integral to the culture of the University, and is embedded in its historical foundations.

Our guiding principles

Our guiding principles are: excellence, ambition, engagement, collegiality, resilience, agility, diversity, and sustainability. They provide a framework for our activities which are delivered under five interconnected themes:

- Our Education and Student Experience
- Our Research and its Impact
- Our Strategic Partners
- Our Place: Locally and Globally
- Our Public Responsibility

To these we add the challenges of action:

- The Challenge of Resource – ensuring a stable, sustainable university.
- The Power of People – attracting, retaining and developing talented students and staff.

Measuring progress and sustainability

We use a range of key performance indicators (KPIs) to measure how successful we are in achieving our objectives. Council receives an annual report on the KPIs which provides a detailed evaluation of our performance and progress against the Strategic Plan. We consider the measures that underpin our Strategic Plan and Financial Operating Strategy to carry out an assessment of our institutional sustainability reported annually to HEFCE.

Risk management strategy

The Risk Review Group oversees all levels of strategic and operational risk and opportunity management. The Group's responsibilities and reporting processes are integrated across faculties and professional services, in line with our risk policy, which is reviewed annually and approved by Council. As an institution, we have a low risk appetite, which provides context and support for a less risk averse approach by faculties. This variation in risk appetite is positive and beneficial for the University.



Leavygreave Road



Engineering Heartspace

Estates strategy

Collaboration between the University and Sheffield City Council - with funding from the Sheffield City Region Investment Fund, - to transform some of the key areas around the central campus marked a significant step forwards in the University's commitment to improving its public spaces. This achievement, which has created a greener, safer and much more pleasant environment for students, staff and the local community, is part of an overall vision which helped the Department of Estates and Facilities Management to secure the award for Outstanding Estates Strategy at the Times Higher Education Leadership and Management Awards 2017.



The improvements to the public spaces include cycle routes and crossings over major roads, and our commitment to sustainable travel will soon be enhanced by the completion of a cycle hub next to the Students' Union, providing secure storage for more than 150 bikes.

A successful refurbishment of the Information Commons over summer 2017 has significantly improved the excellent learning and library space in this popular building, and additional high quality teaching space and new prayer rooms have been completed through the refurbishment of the former St George's Library at 38 Mappin Street. Work has also begun on the Engineering Heartspace development to create additional teaching, study and social space by redeveloping and linking two existing buildings under a stunning glass atrium roof.

Working with strategic partners continues to be a priority, including ongoing development of the University's advanced manufacturing campus at Sheffield Business Park. Work on three new research buildings began on site during the year.

People strategy

We know that when people come to together with different views, approaches and insights it leads to richer, more creative and innovative teaching and research, better understanding of students' needs and aspirations and the highest level of student experience. Our Power of People Strategy, 2016–2021, sets out how we continue to ensure this is a remarkable place to work, delivering the capabilities needed to ensure sustainable growth.

Student numbers 2016–17

Full-time students							
Faculty	Undergraduate			Postgraduate			Total
	Home/EC	Overseas	Sub total	Home/EC	Overseas	Sub total	
Faculty of Arts and Humanities	2,453	51	2,504	428	194	622	3,126
Faculty of Engineering	2,984	1,379	4,363	455	1,121	1,576	5,939
Faculty of Medicine, Dentistry and Health	1,892	139	2,031	503	230	733	2,764
Faculty of Science	3,490	446	3,936	687	200	887	4,823
Faculty of Social Sciences	4,317	1,125	5,442	1,075	1,595	2,670	8,112
Advanced Manufacturing Research Centre	27	-	27	-	2	2	29
Department for Lifelong Learning	106		106				106
Total	15,269	3,140	18,409	3,148	3,342	6,490	24,899

Part-time students							
Faculty	Undergraduate			Postgraduate			Total
	Home/EC	Overseas	Sub total	Home/EC	Overseas	Sub total	
Faculty of Arts and Humanities	27	3	30	232	13	245	275
Faculty of Engineering	38	26	64	61	33	94	158
Faculty of Medicine, Dentistry and Health	208	35	243	699	89	788	1,031
Faculty of Science	97	13	110	79	4	83	193
Faculty of Social Sciences	49	15	64	524	43	567	631
Department for Lifelong Learning	115	1	116	-	-	-	116
Total	534	93	627	1,595	182	1,777	2,404

Additional students	
Modern languages students abroad	177
Students on optional year outs	195
Erasmus and Year Abroad students	275
Total	647





First degree award classifications

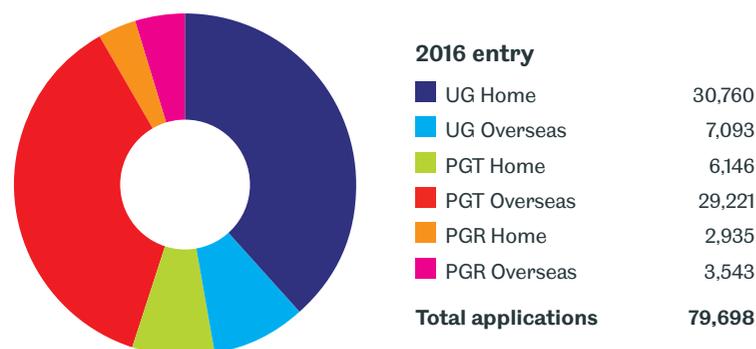
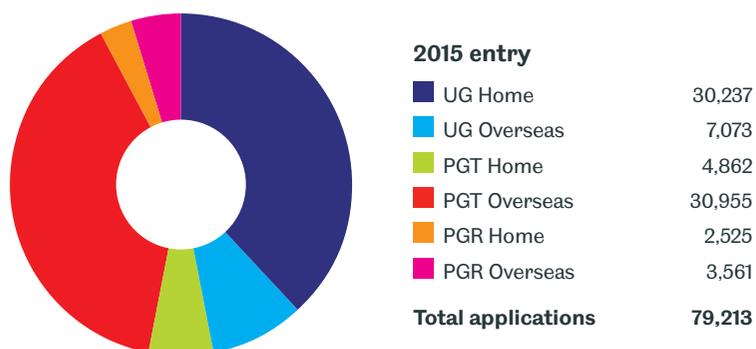
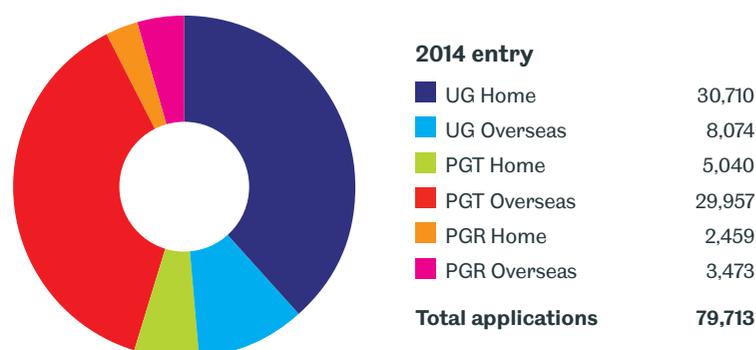
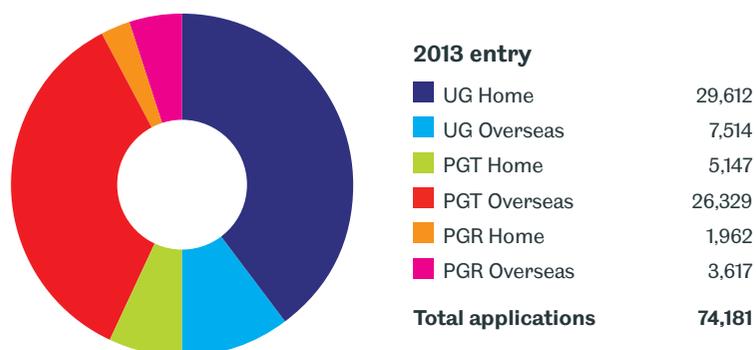
Faculty	1	2.1	2.2	3	Pass	Total
Faculty of Arts and Humanities	185	569	47			801
Faculty of Engineering	296	448	222	23	34	1,023
Faculty of Medicine, Dentistry and Health *MBChB & BDS do not follow the same class structure	69	62	37		335*	503
Faculty of Science	306	647	195	22	17	1,187
Faculty of Social Sciences	337	1056	295	15	29	1,732
Board of Extra Faculty Provision	4	13	1			18
Total	1,197	2,795	797	60	415	5,264

Certificates and Diploma awards

Faculty	Diploma	Cert	Total
Faculty of Medicine, Dentistry and Health	26	22	48
Faculty of Science	-	24	24
Faculty of Social Sciences	-	-	-
Board of Extra Faculty Provision	2	6	8
Total	28	52	80



Student population – applications



As at 1 October of each year, and includes full-time, part-time and distance learning applications.

Rankings



QS World Rankings 2018

82

104

Times Higher Education
World University Rankings
2018 - WORLD

Times Higher Education
World University Rankings
2018 - UK

13

3

Times Higher Education
Student Experience Survey 2018

The Times & The Sunday Times
Good University Guide 2018

21

Sheffield city region update



Case Study

Roll-out of business support scheme to add £7M into local economy

RISE, initially a partnership between Sheffield Hallam University, The University of Sheffield, and Sheffield City Council launched in 2013 to support small and medium sized enterprises (SMEs) in the recruitment of skilled staff, create jobs and retain talented graduates in the region.

RISE has already seen more than 200 graduates placed into paid internships before May 2016, across more than 150 companies. The roll-out of RISE across the region means a further 250 interns will be placed over the next three years, with at least 150 of these placements becoming permanent posts. This will equate to an economic impact for the region of up to £7m.



Case Study

Factory 2050 official opening



Factory 2050 is at the heart of the University of Sheffield's Advanced Manufacturing Campus, and is situated on the site once occupied by Sheffield Airport. The iconic building helps manufacturers to conduct research into flexible manufacturing processes for high-value components and one-off parts for customers from a wide range of sectors. It is the UK's first fully reconfigurable collaborative research facility, dedicated to digital assembly and flexible component manufacturing.



Case Study

Sheffield City Region Vision report announcement

Leading organisations in the Sheffield City Region outlined a 25-year vision, on 17 February 2017, to maximise the area's potential to compete on the world stage for the benefit of its people, the region and the UK.

The University of Sheffield, Sheffield Hallam University and Sheffield Teaching Hospitals NHS Foundation Trust have worked closely with councils, businesses, nonprofits and individuals to develop a comprehensive long-term vision for the region's economic growth, innovation, healthcare, education and environment. The vision reveals six priority areas to transform the region's future:

- **Innovation and enterprise – creating an ecosystem**, building on the region's strengths in innovation and manufacturing, including advanced manufacturing, engineering and logistics.
- **Global excellence – local impact**, ensuring the region is outward-looking but maximises the local impact of investment through the development of local supply chains.
- **Joining-up health and well-being**, creating a region known for its healthy and active population through tackling health inequalities.



- **Transformation in education and skills**, achieving cross-the-board improvement in education to build a region known for the talent and skills of its people.
- **Promoting the regional green network**, ensuring the city region is better known, inside and out of the region, for the outstanding quality of its environment and lifestyle.
- **Better internal and external connectivity**, radically transforming the quality of the region's physical and virtual connectivity so it becomes a hinge-point for the movement and distribution of goods and people for Britain.

Case Study

Royce Translational Centre funding announcement

In February 2017 £128 million funding for the Henry Royce Institute was confirmed, which includes a substantial centre at the University of Sheffield.

The Institute, led by the University of Manchester with a satellite facility in Sheffield and support from other universities, is a critical component of the Government's Northern Powerhouse initiative and an attempt to boost economic growth in the North of England and balance the UK economy.

The funding includes £3.5 million for the University of Sheffield wing of the project, which includes a pioneering Sheffield Royce Translational Centre in a new building next to the University's Factory 2050 at its Advanced Manufacturing Campus, and a research centre at the University of Sheffield's city centre campus.

The Royce Institute will allow the UK to grow its world-leading research and innovation base in advanced-materials science, which is fundamental to all industrial sectors and the national economy.



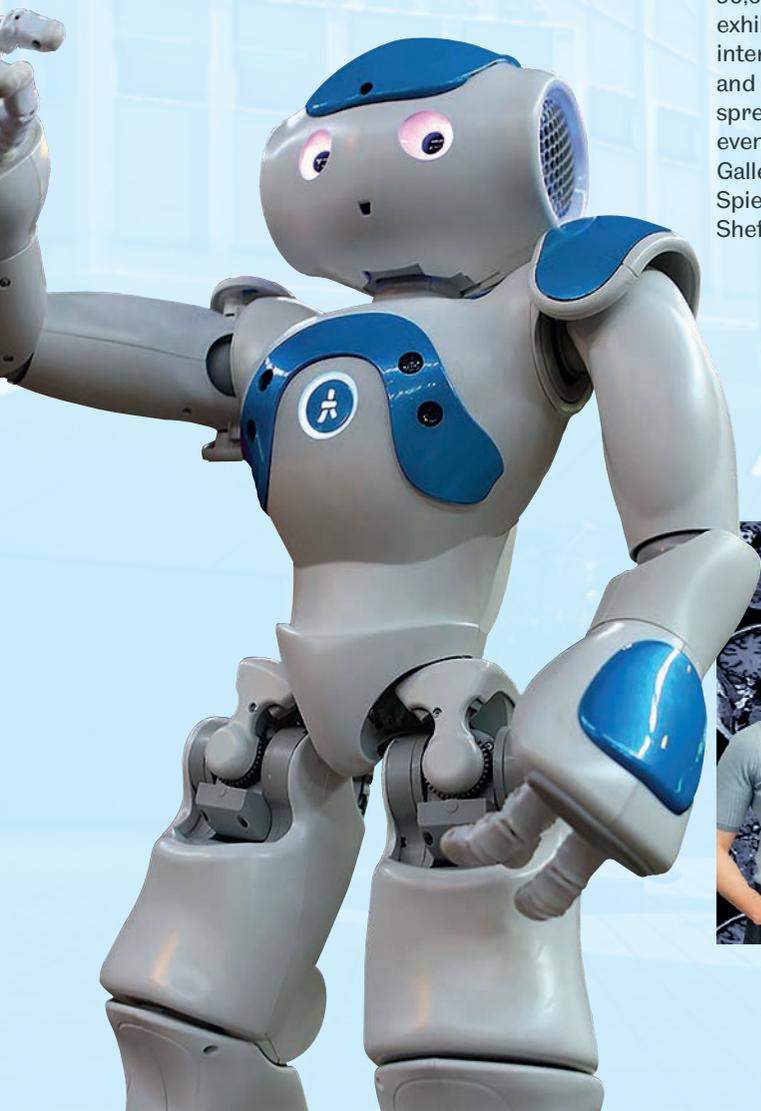
Cultural activities

Case Study

Festival of the Mind 2016

Pairing University academics with experts from Sheffield's cultural and creative industries, Festival of the Mind attracted 50,000 visitors to its performances, talks, exhibitions, virtual reality experiences and interactive events designed to educate, inform and create debate. The 11-day festival was spread across the city with lively and engaging events and activities at the Millennium Galleries, the Moor Market, the impressive Spiegeltent outside Barkers Pool, the iconic Sheffield Cathedral and the Winter Garden.

Ninety-two per cent of visitors rated the festival as excellent and sixty-eight per cent said it had changed their perception of our research in a positive way.



Case Study

Love Square

Professor Nigel Dunnett, from the University of Sheffield's Department of Landscape, has coordinated the design of Love Square – a reconfigurable garden based on the corner of West Bar and Bridge Street in Sheffield. Love Square will combine nature and wildlife with a social space for residents and workers in the area to enjoy all year round.

The unique design will feature wildflower meadows, lawns and a mini wetland lined with bird-friendly trees, as well as a number of seating areas. A green community café made from shipping containers is also planned for the site later in the year. The park's clever design means that most of the planting - including the trees – are in moveable containers to enable it to be reconfigured in the long-term as the West Bar area develops and expands in the future.



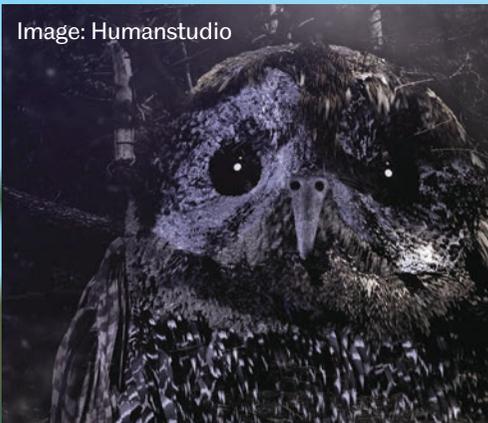
Case Study

Launch of Digital report

A snapshot of the creative digital scene in Sheffield jointly commissioned by the University of Sheffield and Creative Sheffield, has consulted dozens of companies across the Sheffield City Region working in areas of digital design, video games, digital art and culture, digital media and content, and digital making.

The report found that digital companies in Sheffield are experiencing fast growth, with turnover increasing at 47%. It states that Sheffield has the talent potential to continue to grow its digital capabilities and is “on the cusp of something big”, with the vast majority of companies expecting to recruit more workers over the next year.

Image: Humanstudio



Alumni and philanthropic support

Philanthropic Support

The University has received over £8.7million in philanthropic income, and has raised new gifts and pledges worth more than £11.5million during 2016–17. This represents a 36% increase on 2015–16. These gifts are making an impact across the University, powering important research and providing opportunities for hundreds of talented students.

MRI-PET Sheffield Scanner Campaign

In March 2017, the University launched the Sheffield Scanner campaign to raise £2million towards an important investment in an MRI-PET Facility. This ground-breaking medical imaging technology will help researchers to find new ways to diagnose and treat diseases like cancer, dementia and Motor Neuron Disease (MND). Within the first few months, donors generously contributed over £750,000.

Record Success in fundraising for Scholarships

In 2016–17 over £800,000 was raised to support 164 undergraduate and 50 postgraduate taught scholarships, for students commencing their degrees in the 2017–2018 academic year. There are now over 500 students on donor-funded scholarships across all years and levels of degree.

Notable donations

- USD \$1.5million pledge from Battelle to boost the University's international research partnerships by establishing the Wadsworth Fellowships - an early career fellowship exchange programme.
- Over £2.3million from legacies, contributing to a range of initiatives including supporting Scholarships and Departments
- Over £111,000 has been raised for the Sheffield Scanner campaign through the community fundraising. This included a 50 mile "Big Walk" event in June 2017 involving 272 members of staff, students and alumni.







Alumni from 70 countries volunteered during 2016-17

Every faculty has received alumni support,
including 70 academic departments

14% of 2015–16 volunteers had also made
a financial gift to the University

89 Alumni volunteers joined the Big Walk, walking 50 miles
in 24 hours in support of the Sheffield Scanner appeal

Special Achievements

Alumni Volunteering continues to thrive

This year 1,558 volunteers gave a collective 12,240 hours of their time to support the University. Volunteer activities included mentoring students on career choices, supporting widening participation (WP) activities, sitting on industry advisory boards and helping with student recruitment.

Our approach to fundraising

The University of Sheffield is registered with the Fundraising Regulator which ensures our fundraising is legal, open, honest and respectful. The University raises funds from alumni and non-alumni supporters. All fundraising is carried out directly by University staff without using external professional fundraisers or commercial participators.

Professor Sir Fraser Stoddart wins Nobel Prize in Chemistry

The Nobel Prize in Chemistry has been awarded Professor Sir Fraser Stoddart (Hon DSC 2008) who joined the University of Sheffield in 1970 where he was the first Imperial Chemical Industries (ICI) Research Fellow before going on to become a lecturer and then Associate Professor of Chemistry.

The work conducted by Sir Fraser and his research group in 1991 was cited and praised in the Nobel Prize announcement for enabling the field of molecular machinery to take a 'big leap forward'.

Sir Fraser will share the £727,000 prize with fellow scientists Jean-Pierre Sauvage from the University of Strasbourg and Bernard L Feringa from the University of Groningen, for the development of the world's smallest machines which are a thousand times thinner than a strand of hair.

The machines conceived by the laureates could slip inside the human body to deliver drugs from within - for instance, applying pharmaceuticals directly to cancer cells.

Sir Fraser was born in Edinburgh in 1942. During his career he has received a number of prestigious national and international honours including the Royal Medal in 2010 from His Royal Highness the Duke of Edinburgh, the Albert Einstein World Award of Science and the Royal Society of Chemistry's Century Prize.



Our University at a glance

Officers of the University Session 2016–17

The Chancellor

The Rt Hon Lady Justice Rafferty, DBE, PC, QC, LBB, Hon LLD

The Pro-Chancellors

Mr A P Pedder OBE (Chair of Council)

Mrs S H Harkness (to 31 July 2017)

Ms A M Hope (from 01 August 2017)

Mr R Mayson (from 01 August 2017)

The Treasurer

Mr D E Young CBE

The President and Vice-Chancellor

Professor Sir Keith Burnett CBE, FRS

The Provost and Deputy Vice-Chancellor

Professor S West (to 31 August 2017)

Professor G Valentine (Interim Provost and Deputy Vice-Chancellor from 01 September 2017)

The Cross Cutting Vice-Presidents

Research and Innovation: Professor R A L Jones (to 31 August 2016)

Research and Innovation: Professor J Derrick (Interim Vice-President from 01 September 2016 to 31 October 2016)

Research and Innovation: Professor D Petley (from 01 November 2016)

Education: Professor W Morgan

The Faculty Vice-Presidents

Arts and Humanities: Professor J Labbe (to 09 June 2017)

Arts and Humanities: Professor S Fitzmaurice (Interim Vice-President and Head of Faculty) from 15 May 2017)

Engineering: Professor M J Hounslow

Medicine, Dentistry and Health: Professor Dame Pamela J Shaw DBE

Science: Professor N Clarke

Social Sciences: Professor G Valentine (to 31 August 2017)

Social Sciences: Professor C Watkins (Interim Vice-President and Head of Faculty from 01 September)

University Secretary

Dr A West (to 31 July 2017)

Dr A J Strike (from 1 July 2017)

The Council of the University Session 2016–17

Ex-officio members

The Pro-Chancellors

The Treasurer

The President and Vice-Chancellor

The Provost and Deputy Vice-Chancellor

Persons appointed by the Council

Mr D J Bagley

Mr A Belton

Dr S F Eden

Ms A M Hope (Pro-Chancellor from 01 August 2017)

Mr R Mayson (Pro-Chancellor from 01 August 2017)

Mr S Sly

Dr J Nicholls (from 01 August 2017)

Mr J Sutcliffe (from 01 August 2017)

Mr A P W Wray (from 01 August 2017)

Dr K Layden

One Faculty Vice-President appointed annually by the President and Vice-Chancellor

Professor G Valentine (to 31 August 2017)

Professor Nigel Clarke (from 01 September 2017)

Three members of the Senate elected by the Senate

Professor L Maltby (from 01 August 2017)

Professor N Phillips (to 31 July 2017)

Professor M Siva-Jothy (from 01 August 2017)

Mr R Sykes

Professor M T Vincent (to 31 July 2017)

The President of the Students' Union

Mr D Trendall (to 30 June 2017)

Mr K Maxwell (from 01 July 2017)

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

Miss G Hague

Secretary to the Council

Dr A West (to 31 July 2017)

Dr A J Strike (from 01 July 2017)

Faculties and Departments**Arts and Humanities**

Archaeology, English, History, Languages and Cultures, Music, Philosophy, Sheffield Institute for Interdisciplinary Biblical 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

Clinical Dentistry, Health and Related Research (SchARR), Human Communication Sciences, Infection, Immunity and Cardiovascular Science, The Medical School, Neuroscience, Nursing and Midwifery, Oncology and Metabolism.

Science

Animal and Plant Sciences, Biomedical Science, Chemistry, Mathematics and Statistics, Molecular Biology and Biotechnology, Physics and Astronomy, Psychology.

Social Sciences

Architecture, East Asian Studies, Economics, Education, Geography, Information School, Journalism Studies, Landscape, Law, Management School, Politics, Sheffield Methods Institute, Sociological Studies, Urban Studies and Planning.

International Faculty – City College, Thessaloniki

Business Administration and Economics, Computer Science, English Studies, Executive Education Centre, Psychology.

Department for Lifelong Learning



Financial Statements 2016–2017.



Corporate Governance

The University is an independent corporation whose legal status derives from a Royal Charter granted in 1905 and whose objects are 'to advance education through teaching and research'. It is an educational charity, with exempt status, regulated by the Higher Education Funding Council for England (HEFCE) in its capacity as Principal Regulator. The University's objectives, powers and governance framework are set out in its Charter and supporting Statutes. The University's Charter requires the existence of the following two bodies whose main functions are detailed below.

The Senate

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

The Council

The University's Council is the governing body of the University and its board of Trustees, responsible for the strategic development and overall achievement of the University's mission. Subject to the Statutes, it has ultimate responsibility for all areas of operation. The Council's membership is set out in full on pages 40 and 41 and comprises lay and academic persons, including student representatives, appointed under the Statutes of the University, the majority of whom are non-executive. The role of the Chair of the Council is separate from that of the University's Chief Executive, the President & Vice-Chancellor. The performance of the President & Vice-Chancellor is monitored through the provisions of Section 6 of the Statutes and Regulation VI: 5 and through the existence and application of the Staff Review and Development Scheme, carried out by the Chair of the Council. The appointment of the University Secretary, who acts as Secretary to the Council, is through the provisions of Regulation VI: 8, with appropriate separation in the lines of accountability.

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

In addition to the Nominations Committee and the Health and Safety Committee, which are formally constituted committees of the Council, much of the work of the Council is carried out through the following principal committees:

- The Finance Committee is the body responsible for advising the Council on all matters relating to the finances of the University. The Committee recommends to the Council the University's Financial Statements for approval, annual revenue and capital budgets, monitors performance in relation to the approved budgets and monitors the execution of financial policies adopted by the Council.

- The Audit Committee is constituted in line with guidance issued by HEFCE and the Committee of University Chairs and comprises both lay members of the University Council and external co-optees with special expertise. Whilst senior executives attend meetings of the Audit Committee, they are not members of it. Both the External and Internal Auditors have independent access to the Committee, and vice versa. The Audit Committee is responsible for making recommendations to the governing body on the appointment of both the Internal and External Auditors to the University. The Committee meets with the External Auditors to discuss their audit findings, and to review and approve the audit aspects of the annual financial statements; and it provides the governing body with its own opinions as required by the HEFCE Audit Code of Practice. It also approves and influences the annual audit plan prepared by the University's Internal Auditors, and considers completed audit reports; these deal with recommendations for the improvement of the University's systems of internal control. The Committee also reviews management responses to audit reports and monitors implementation of recommendations. The Committee also receives and considers reports from HEFCE as they affect the University's business and monitors adherence to the regulatory requirements.

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

Full Statement of internal control

1. As the governing body of the University of Sheffield, the Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the Charter and Statutes and the Memorandum of Assurance and Accountability with HEFCE.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
3. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31st July 2017 and up to the date of approval of the annual report and financial statements and accords with HEFCE guidance. The process is regularly reviewed by the Council and accords with the relevant Financial Reporting Council guidance. The University has formally applied the CUC (Committee of University Chairs) Higher Education Code of Governance which is principally committed to identifying the key values and practices on which the effective governance of UK HEI is based. The University manages risks through a Corporate Risk Register, which is reviewed regularly throughout the year and is considered by Council and Audit Committee. There are also Faculty and Professional Services Risk Registers, and Departmental Risk Registers for both academic and professional service departments. The Risk Review Group (a sub-group of the University Executive Board) oversees these different levels of risk. The University's risk management policy is reviewed annually by the Risk Review Group and by Council.

4. The following processes have been established:
 - a. The performance, plans and strategic direction of the institution are specifically considered at one of the regular meetings of the Council every year.
 - b. The Council undertakes an annual assessment for the purpose of making its public statement on internal controls. This assessment considers issues dealt with in the periodic reports received.
 - c. The Council receives periodic reports from the Chair of the Audit Committee concerning internal control and risk management, including in relation to University subsidiary companies.
 - d. The Council has delegated its responsibility for overseeing the management of strategic risks to the Risk Review Group, which is a sub-group of the University Executive Board.
 - e. The Audit Committee receives regular reports from Internal Audit, which include Internal Audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement. The Audit Committee may also request additional reports to gain assurance from other parties on areas of concern. A Data Assurance Group exists to support Audit Committee in its evaluation of the management and quality assurance of data.
 - f. A risk prioritisation methodology based on risk ranking has been established.
 - g. An organisation-wide risk register is maintained for corporate level risks.
 - h. A reporting structure has been implemented whereby high-level strategic opportunities and risks are overseen by the Risk Review Group and reported to the Audit Committee and Council. The University Executive Board receives reports on the action taken on all corporate level risks, along with suggestions for additions to and deletions from the risk register.
 - i. The University has established a basket of Performance Indicators (PIs), which can be benchmarked against other publicly available data sources, and which is regularly reviewed by the Council.
 - j. Council has approved a Code of Ethics and a related framework for decision making relating to ethical and reputational matters and the Research Ethics Committee of Senate provides assurance over ethical matters associated with research activities.
 - k. A full Council effectiveness review was undertaken during 2015-16. In future years these reviews will be carried out at four-year intervals as required by the CUC Higher Education Code of Governance. Annual reviews based on feedback from Council members are also undertaken.
 - l. The responsibility of Council to maintain and protect the principle of academic freedom is enshrined in the University Charter and appropriate references are made during the induction of new members of Council.
 - m. Sub-Groups of the Senate Learning and Teaching Committee oversee the totality of the University's collaborative provision, reporting major developments or significant institutional risks through to Council as appropriate.
 - n. The University's discharging of its corporate and social responsibility is overseen by the Public Value Sub-Group of the University Executive Board, which reports annually to Council.
 - o. The University keeps under regular review the policies, procedures and powers delegated by the Council to other bodies and individuals, including the President & Vice-Chancellor.
 - p. The University Secretary, as Secretary to Council, is responsible for ensuring that the University's constitution is followed at all times, taking advice where appropriate.
5. The institution has contracted its internal audit function to an external provider, which operates to standards defined in the HEFCE Audit Code of Practice and whose work is subject to review for effectiveness by the HEFCE Audit Service. The provider's supervising partner for the assignment functions as the institution's Head of Internal Audit. The internal auditors submit regular reports, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement.
6. Our review of the effectiveness of the system of internal control is informed by the work of Internal Audit and by the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

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 2015 Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of an Assurance and Accountability Memorandum agreed between the Higher Education Funding Council for England and the Council of the University of Sheffield, the Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs at the balance sheet date of the University of Sheffield and of the surplus or deficit and cash flows for that year.

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

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

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England and the National College for Teaching and Leadership are used only for the purposes for which they have been given, and in accordance with the Assurance and Accountability Memorandum with the Funding Council and the Funding Agreement with the National College for Teaching and Leadership and any other conditions which the Funding Council or the National College for Teaching and Leadership 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.

Independent auditor's report to the council of the University of Sheffield

We have audited the group and University financial statements of The University of Sheffield for the year ended 31 July 2017 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, Consolidated and University Balance Sheet, Consolidated Cash Flow Statement and 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) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Respective responsibilities of the Council and auditor

As explained more fully in the Statement of Responsibilities of the Council set out on page 48, the Council is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and the University affairs as at 31 July 2017, of the Group's income and expenditure, gains and losses and changes in reserves and of the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2016-17 financial statements*.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice (effective 1 August 2014) issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2016-17 financial statements* have been met.

Clare Partridge
For and on behalf of KPMG LLP,
Statutory Auditor



Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

28 November 2017

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 2015 and in accordance with Financial Reporting Standards (FRS) 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of some fixed assets and investments.

2. Basis of consolidation

The consolidated financial statements include the University and its UK subsidiaries for the financial year to 31 July 2017. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the Union of Students' as the University does not exert control or dominant influence over policy decisions.

Associated companies and joint ventures are accounted for using the equity method.

3. Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure

when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure 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.

Investment income is credited to the statement of income and expenditure on a receivable basis.

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.

Grant funding

Grant funding including funding council block grant, research grants from government sources, and grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms other restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

- 1) Restricted donations - the donor has specified that the donation must be used for a particular objective.
- 2) 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.
- 3) Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.

- 4) 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.

Capital grants

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

4. Accounting for retirement benefits

The University participates in the Universities Superannuation Scheme (USS). With effect from 1 October 2016 the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members) as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University 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. As required by section 28 of FRS102 "Employee benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the statement of comprehensive income and expenditure represents the contributions payable to the scheme in respect of the accounting period.

Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within USS will fund the overall deficit, the University recognises a liability within provisions for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised. USS has a full valuation by professionally qualified independent actuaries every three years.

The other principal pension scheme for the University's staff is the University of Sheffield Pension Scheme (USPS). The scheme is a cash balance defined benefit scheme which is externally funded. The scheme is valued every three years by professionally qualified independent actuaries.

USPS is accounted for as a defined benefit scheme under FRS102.

A small number of staff have joined other pension schemes:

NHSPS is a multi-employer defined benefit scheme, which the University has accounted for as a defined contribution scheme, and the amount charged to the statement of comprehensive income and expenditure represents the contributions payable to the scheme in respect of the accounting period.

FSSU is a money purchase scheme contracted into the State Second Pension (S2P). Contributions to this scheme have ceased.

Defined contribution schemes

A defined contribution scheme is a post-employment benefit scheme under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit schemes

Defined benefit schemes are post-employment benefit schemes other than defined contribution schemes. Under defined benefit schemes, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University.

The University should recognise a liability for its obligations under defined benefit schemes net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method.

Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Asset-Backed Funding of University of Sheffield Pension Scheme

The University has created a Scottish Limited Partnership in order to operate an asset-backed funding scheme for the University of Sheffield Pension Scheme. The wholly-owned companies within this partnership are consolidated in the group accounts, and the University has taken advantage of an exemption allowed by Section 7 of the Partnership Regulations 2008, which provide that the partnership is exempt from audit.

5. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

6. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

7. Service Concession Arrangements

Fixed assets held under service concession arrangements are initially recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are bought into use, with a corresponding financial liability. Subsequently fixed assets are shown at valuation less accumulated depreciation.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

8. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

9. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income and expenditure except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date

of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

10. Fixed assets

Fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

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 parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value. The University has a policy of ensuring a full revaluation takes place at least every 5 years such that the market value is not materially different to the current value. Depreciation and impairment losses are subsequently charged on the revalued amount. All valuations are carried out by parties external to the University.

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

A full valuation of academic, office, ancillary and support buildings was carried out as at 31st July 2016 by Gerald Eve LLP, Chartered Surveyors.

An interim valuation of the Student Village properties held as a service concession was carried out as at 31 July 2017 by Gerald Eve LLP, Chartered Surveyors.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives of up to a maximum of 50 years. Leasehold land is depreciated 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. Specialised short-life assets, for example synthetic sports pitches, are depreciated over their expected useful lives up to a maximum of seven years.

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

Equipment

Equipment, including computers and software, costing less than £20,000 per individual item is recognised as expenditure. All other equipment, including groups of equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life of a maximum of 10 years, with the exception of equipment acquired for a specific research project, which is depreciated over an average project life of three years.

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

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Assets held for resale

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

11. 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.

12. Investment Properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure. Properties are not depreciated but are revalued on a regular basis.

13. Investments

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the University's accounts.

Other non-current asset investments, and current asset investments are held at fair value with movements recognised in the Consolidated Statement of Income and Expenditure.

14. Stock

Stock is held at the lower of cost and net realisable value.

15. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts.

Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

16. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- a) the University has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

17. Accounting for Joint Operations, Jointly Controlled Assets and Jointly Controlled Operations

The University accounts for its share of joint ventures using the equity method.

The University accounts for its share of transactions from joint operations and jointly controlled assets in the Consolidated Statement of Income and Expenditure.

18. Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. 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) 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 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 fixed assets is included in their cost.

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that exist at the balance sheet date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the

balance sheet date. Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

19. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

20. Accounting estimates and judgements

Significant estimates and judgements used in the preparation of the financial statements are as follows:

- 1) The University participates in the Universities Superannuation Scheme (USS). Employers in this scheme have entered into an agreement with the scheme that determines how the employer will fund a USS pension deficit liability. This results in the recognition of a liability on the balance sheet for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and a resulting expense, in accordance with section 28 of FRS102. The USS deficit recovery plan defines the deficit payment required as a percentage of future salaries until 2031. The provision is based on management's estimate of expected future salary inflation, changes in staff numbers and the prevailing discount rate.

- 2) The University of Sheffield Pension Scheme (USPS) is accounted for as a defined benefit scheme. Pension costs under FRS102, and the amount of the provision in the balance sheet, are based upon the latest actuarial valuation, and assumptions, including the appropriate discount rate, agreed by management following actuarial advice. These assumptions are detailed in Note 31.
- 3) The University's land and buildings are held at fair value. Valuations are carried out at regular intervals by professionally qualified external valuers. Management make judgements as to whether any indicators of impairment are present for these assets.
- 4) The provision for doubtful debts is based on an estimate of the recoverability of those debts.
- 5) In 2005-06 the University entered into a 41 year contract with a third party provider for the provision and maintenance of student accommodation. Under FRS102 this arrangement has been accounted for as a service concession. The University's liability has been brought onto the balance sheet at a value based on the present value of the minimum lease payments. Payments made by the University to the third party provider are apportioned between the finance charge and repayment of the liability.
- 6) The University's liability for staff annual leave not taken as at the balance sheet date has been based on information available for staff who record their annual leave usage on the University's on-line system. This information has been extrapolated to obtain an estimate for all staff.

21. Financial Instruments

The University has chosen to apply the provisions of sections 11 and 12 of FRS 102 in full. Financial assets and financial liabilities are recognised in the University's balance sheet when the University becomes a party to the contractual provisions of the instrument. 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.

Most of the University's financial assets and liabilities all meet the criteria for basic financial instruments prescribed within FRS102. Basic financial assets and liabilities are measured as follows:

Investments

Investments within the scope of Section 11 of FRS 102 (therefore excluding investments in subsidiaries, associates and joint ventures) are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through the statement of comprehensive income). Subsequently, they are measured at fair value if the investment is publicly traded or their fair value can otherwise be measured reliably with the changes in fair value recognised in the statement of comprehensive income. All other investments are measured at cost less impairment.

Debtors and creditors

Debtors and creditors are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses.

Loans

Loans which are basic financial instruments are initially recorded at the transaction price, net of transaction costs. Subsequently, they are measured at the transaction price net of transaction costs.

Consolidated Statement of Comprehensive Income and Expenditure

Year ended 31 July 2017					
	Notes	Year ended 31 July 2017		Year ended 31 July 2016	
		Consolidated £m	University £m	Consolidated £m	University £m
Income					
Tuition fees and education contracts	1	281.7	281.7	273.9	273.9
Funding body grants	2	83.8	83.8	101.1	101.1
Research grants and contracts	3	155.9	155.9	168.5	168.5
Other income	4	93.9	85.0	86.3	78.4
Investment income	5	1.8	1.8	1.7	1.8
Donations and endowments	6	6.5	6.5	4.2	4.2
Total income		623.6	614.7	635.7	627.9
Expenditure					
Staff costs	7	327.5	323.5	311.8	307.5
Other operating expenses	9	209.3	206.0	191.9	192.4
Depreciation	12	78.4	78.1	75.3	75.1
Interest and other finance costs	8	17.8	17.8	17.9	17.9
Total expenditure	9	633.0	625.4	596.9	592.9
(Deficit) /surplus before other gains losses and share of operating surplus/deficit of joint ventures and associates		(9.4)	(10.7)	38.8	35.0
Loss on disposal of fixed assets		(0.2)	(0.2)	–	–
Gain/(Loss) on investments	14/23	0.2	0.3	(2.5)	(3.5)
Share of operating surplus/(deficit) in joint venture	15	0.4	–	(0.4)	–
Share of operating surplus/(deficit) in associate		–	–	–	–
Gift Aid		–	1.5	–	1.2
Dividends received		–	1.1	–	1.0
(Deficit)/Surplus before tax		(9.0)	(8.0)	35.9	33.7
Taxation	10	(0.1)	–	(0.4)	(0.1)
(Deficit)/Surplus for the year		(9.1)	(8.0)	35.5	33.6
Unrealised surplus on revaluation of land and buildings	12	47.6	47.6	78.3	78.3
Actuarial loss in respect of pension schemes	31	(21.3)	(21.3)	(47.0)	(47.0)
Total comprehensive income for the year		17.2	18.3	66.8	64.9
Represented by:					
Endowment comprehensive income for the year		2.5	2.5	0.6	0.6
Restricted comprehensive income for the year		1.7	1.7	0.2	0.2
Unrestricted comprehensive income for the year		28.6	29.6	79.3	77.5
Revaluation reserve comprehensive income for the year		(15.5)	(15.5)	(13.4)	(13.4)
Attributable to the University		17.3	18.3	66.7	64.9
Attributable to the non-controlling interest		(0.1)	–	0.1	–
		17.2	18.3	66.8	64.9
(Deficit)/surplus for the year attributable to:					
Non controlling interest		(0.1)	–	0.1	–
University		(9.0)	(8.0)	35.4	33.6

All items of income and expenditure relate to continuing activities

An analysis of the income and expenditure account can be found within the Report of the Treasurer (page 12).

Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2017							
	Income and expenditure account			Revaluation reserve	Total excluding Non Controlling Interest	Non controlling interest	Total
	Endowment	Restricted	Unrestricted				
	£m	£m	£m				
Consolidated							
Balance at 1 August 2015	39.0	1.7	326.2	386.2	753.1	0.1	753.2
Surplus/(deficit) from the income and expenditure statement	0.7	2.0	32.8	0.2	35.7	0.1	35.8
Other comprehensive income	–	–	(47.0)	78.3	31.3	–	31.3
Transfers between revaluation and income and expenditure reserve	–	–	13.4	(13.4)	–	–	–
Release of restricted funds spent in year	–	(1.8)	1.8	–	–	–	–
Total comprehensive income for the year	0.7	0.2	1.0	65.1	67.0	0.1	67.1
Balance at 1 August 2016	39.7	1.9	327.2	451.3	820.1	0.2	820.3
Surplus/(deficit) from the income and expenditure statement	2.5	3.5	(15.0)	–	(9.0)	(0.1)	(9.1)
Other comprehensive income	–	–	(21.3)	47.6	26.3	–	26.3
Transfers between revaluation and income and expenditure reserve	–	–	15.5	(15.5)	–	–	–
Release of restricted funds spent in year	–	(1.8)	1.8	–	–	–	–
Total comprehensive income for the year	2.5	1.7	(18.9)	32.1	17.3	(0.1)	17.2
Balance at 31 July 2017	42.2	3.6	308.3	483.4	837.5	0.1	837.6
University							
Balance at 1 August 2015	39.0	1.7	328.4	384.9	754.0	–	754.0
Surplus/(deficit) from the income and expenditure statement	0.7	2.0	31.0	0.2	33.9	–	33.9
Other comprehensive income/(expenditure)	–	–	(47.0)	78.3	31.3	–	31.3
Transfers between revaluation and income and expenditure reserve	–	–	13.4	(13.4)	–	–	–
Release of restricted funds spent in year	–	(1.8)	1.8	–	–	–	–
Total comprehensive income for the year	0.7	0.2	(0.8)	65.1	65.2	–	65.2
Balance at 1 August 2016	39.7	1.9	327.6	450.0	819.2	–	819.2
Surplus/(deficit) from the income and expenditure statement	2.5	3.5	(14.0)	–	(8.0)	–	(8.0)
Other comprehensive income/(expenditure)	–	–	(21.3)	47.6	26.3	–	26.3
Transfers between revaluation and income and expenditure reserve	–	–	15.5	(15.5)	–	–	–
Release of restricted funds spent in year	–	(1.8)	1.8	–	–	–	–
Total comprehensive income for the year	2.5	1.7	(18.0)	32.1	18.3	–	18.3
Balance at 31 July 2017	42.2	3.6	309.6	482.1	837.5	–	837.5

Consolidated and University Balance Sheet as at 31 July 2017

Year ended 31 July 2017					
	Notes	As at 31 July 2017		As at 31 July 2016	
		Consolidated £m	University £m	Consolidated £m	University £m
Non-current assets					
Intangible assets	11	2.2	2.1	0.5	0.4
Fixed assets	12	1,249.6	1,247.7	1,175.9	1,173.9
Investments	14	12.9	50.9	14.0	51.7
Investment in joint venture	15	0.1	–	(0.3)	–
Investments in associate		–	–	–	–
Debtors and prepayments due in more than one year	17	0.2	35.1	–	38.8
		1,265.0	1,335.8	1,190.1	1,264.8
Current assets					
Stock		1.0	0.4	0.9	0.4
Trade and other receivables	18	83.8	81.9	87.4	85.9
Investments	19	37.7	37.7	34.6	34.6
Cash and cash equivalents	25	41.2	35.0	72.9	65.8
		163.7	155.0	195.8	186.7
Less: Creditors: amounts falling due within one year	20	(195.7)	(194.5)	(183.6)	(183.5)
Share of net liabilities in associate	15	–	–	–	–
Net current (liabilities)/assets		(32.0)	(39.5)	12.2	3.2
Total assets less current liabilities		1,233.0	1,296.3	1,202.3	1,268.0
Creditors: amounts falling due after more than one year	21	(180.6)	(244.2)	(186.7)	(253.7)
Provisions					
Pension provisions	22	(214.5)	(214.5)	(194.4)	(194.4)
Other provisions	22	(0.3)	(0.1)	(0.9)	(0.7)
Total net assets		837.6	837.5	820.3	819.2
Restricted Reserves					
Income and expenditure reserve - endowment reserve	23	42.2	42.2	39.7	39.7
Income and expenditure reserve - restricted reserve	24	3.6	3.6	1.9	1.9
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		308.3	309.6	327.2	327.6
Revaluation reserve		483.4	482.1	451.3	450.0
		837.5	837.5	820.1	819.2
Non-controlling interest		0.1	–	0.2	–
Total Reserves		837.6	837.5	820.3	819.2

The financial statements on pages 51 to 74 were approved by the Council on 27 November 2017 and were signed on its behalf by:

Mr. D. E. Young CBE,
Treasurer

Professor Sir K. Burnett CBE FRS FLSW,
President and Vice Chancellor

Mrs. H. Dingle,
Chief Financial Officer

Consolidated Statement of Cash Flow

Year ended 31 July 2017			
	Notes	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
Cash flow from operating activities			
Surplus/(deficit) for the year		(9.1)	35.5
Adjustment for non-cash items			
Depreciation	12	78.4	75.3
Amortisation of intangibles	11	–	–
(Gain) / loss on investments	14,23	(0.2)	2.5
Decrease/(increase) in stock		–	0.1
Decrease/(increase) in debtors	17,18	3.4	14.0
Increase/(decrease) in creditors	20	11.6	(17.5)
Increase/(decrease) in pension provision	22	(1.2)	2.1
Increase/(decrease) in other provisions	22	(0.6)	(0.2)
Receipt of donated equipment		–	–
Share of operating (surplus)/deficit in joint venture	15	(0.4)	0.4
Share of operating (surplus)/deficit in associate		–	–
Adjustment for investing or financing activities			
Investment income	5	(1.8)	(1.7)
Interest payable	8	17.8	17.9
Endowment income		(1.5)	(0.1)
Profit on the sale of fixed assets		–	–
Capital grant income		(21.1)	(63.1)
Net cash inflow from operating activities		75.3	65.2
Cash flows from investing activities			
Proceeds from sales of fixed assets		–	–
Proceeds from sales of intangible assets		–	–
Capital grants receipts		21.1	63.1
Disposal of non-current asset investments		0.4	0.4
Exchange gain on-current asset investments		–	–
Investment income	5	1.8	1.7
Payments made to acquire fixed assets	12	(104.7)	(84.2)
Payments made to acquire intangible assets	11	(1.7)	(0.5)
New non-current asset investments		(0.3)	(0.5)
New deposits		(1.7)	0.1
		(85.1)	(19.9)
Cash flows from financing activities			
Interest paid	8	(8.8)	(9.2)
Interest element of finance lease and service concession payments	8	(9.0)	(8.7)
Endowment cash received		1.5	0.1
New unsecured loans		0.2	–
Repayments of amounts borrowed		(2.7)	(12.7)
Capital element of finance lease and service concession payments		(3.1)	(2.6)
		(21.9)	(33.1)
(Decrease)/increase in cash and cash equivalents in the year		(31.7)	12.2
Cash and cash equivalents at beginning of the year	25	72.9	60.7
Cash and cash equivalents at end of the year	25	41.2	72.9

Notes to the Accounts

Note 1 Tuition fees and education contracts

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
Full-time home and EU undergraduate students	132.8	132.8	124.9	124.9
Full-time home and EU postgraduate students	10.5	10.5	6.4	6.4
International students	109.0	109.0	112.4	112.4
Home and EU part-time students	3.8	3.8	3.4	3.4
NHS education contracts	6.3	6.3	6.3	6.3
Research Training Support Grant and other contracts	19.3	19.3	20.5	20.5
	281.7	281.7	273.9	273.9

Note 2 Funding body grants

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
Recurrent grant				
Higher Education Funding Council	66.8	66.8	67.9	67.9
Capital grant	9.0	9.0	25.9	25.9
Specific grants				
Higher Education Innovation Fund	3.2	3.2	3.3	3.3
Other specific grants	4.8	4.8	4.0	4.0
	83.8	83.8	101.1	101.1

Note 3 Research grants and contracts

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
Government UK and overseas	66.4	66.4	81.9	81.9
Research Councils	50.4	50.4	55.4	55.4
Research charities	13.6	13.6	11.1	11.1
Industry and commerce	23.7	23.7	18.2	18.2
Other grants and contracts	1.8	1.8	1.9	1.9
	155.9	155.9	168.5	168.5

Note 4 Other income

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
Residences, catering and conferences	39.4	36.3	36.2	33.6
Other services rendered	23.8	23.8	19.5	19.5
Health Authorities	7.7	7.7	8.0	8.0
Capital grants	0.1	0.1	1.0	1.0
Other income	22.9	17.1	21.6	16.3
	93.9	85.0	86.3	78.4

Note 5 Investment income

	Notes	Year ended 31 July 2017		Year ended 31 July 2016	
		Consolidated £m	University £m	Consolidated £m	University £m
Investment income on endowments	23	1.2	1.2	1.2	1.2
Other investment income		0.6	0.6	0.5	0.6
		1.8	1.8	1.7	1.8

Note 6 Donations and endowments

	Notes	Year ended 31 July 2017		Year ended 31 July 2016	
		Consolidated £m	University £m	Consolidated £m	University £m
New endowments	23	1.3	1.3	0.6	0.6
Donations with restrictions		1.8	1.8	0.9	0.9
Unrestricted donations		3.4	3.4	2.7	2.7
		6.5	6.5	4.2	4.2

Notes to the Accounts

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
Staff Costs:				
Salaries	244.2	240.6	240.2	235.9
Social security costs	24.0	23.8	20.6	20.6
Movement on USS provision	(3.3)	(3.3)	(0.2)	(0.2)
Other pension costs	58.0	57.9	51.2	51.2
Staff Release Scheme	4.5	4.5	–	–
Total	327.5	323.5	311.8	307.5

	Year ended 31 July 2017	Year ended 31 July 2016
	£	£
Emoluments of the Vice-Chancellor:		
Salary	389,289	385,053
Bonus	33,999	33,296
Benefits	3,301	4,357
Pension contributions to USS	–	–
	426,589	422,706

Remuneration of other higher paid staff, excluding employer's pension contributions [all shown before any salary sacrifice]:

	Year ended 31 July 2017	Year ended 31 July 2016
	Number	Number
£100,000 to £109,999	21	18
£110,000 to £119,999	16	19
£120,000 to £129,999	11	8
£130,000 to £139,999	15	20
£140,000 to £149,999	10	7
£150,000 to £159,999	9	8
£160,000 to £169,000	7	8
£170,000 to £179,000	4	1
£180,000 to £189,000	3	7
£190,000 to £199,000	3	2
£200,000 to £209,000	2	–
£210,000 to £219,000	–	–
£220,000 to £229,000	–	1
£230,000 to £239,000	–	–
£240,000 to £249,000	1	–
	102	99

	Year ended 31 July 2017	Year ended 31 July 2016
	Full time equivalents	Full time equivalents
Staff numbers:		
Academic	2,516	2,499
Academic services	863	744
Central administration and services	570	643
Premises	495	439
Research grants and contracts	1,399	1,355
Other external	366	352
Residences, catering and conferences	178	226
Staff and student facilities	194	166
	6,581	6,424

	Year ended 31 July 2017	Year ended 31 July 2016
	£m	£m
Compensation for loss of office payable to senior post-holders:		
Compensation payable recorded within staff costs	0.4	–

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel.

Key management personnel are defined as the University Executive Board, which is the President & Vice Chancellor's executive group and is comprised of: the President & Vice-Chancellor, the Provost & Deputy Vice-Chancellor, 5 Faculty Vice-Presidents, Vice-President for Research and Innovation, Vice-President for Education, Chief Financial Officer, and Chief Operating Officer.

	Year ended 31 July 2017	Year ended 31 July 2016
	£m	£m
Key management personnel compensation	2.5	2.4

Council Members

No council member has received any remuneration or waived payments from the group during the year (2016 - none). Expenses paid to Council members are disclosed in note 9.

Notes to the Accounts

Note 8 Interest and other finance costs

Notes	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
Loan interest	4.5	4.5	4.7	4.7
Finance lease interest (including service concession finance charge)	9.0	9.0	8.7	8.7
Interest cost from USS provision	1.2	1.2	1.7	1.7
Net interest cost on University of Sheffield Pension Scheme	31	3.1	2.8	2.8
	17.8	17.8	17.9	17.9

Note 9 Analysis of total expenditure

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
Analysis of other operating expenses				
Consumables and laboratory expenditure	21.0	20.7	17.6	17.2
Books and periodicals	6.9	7.0	6.5	6.5
Printing, stationery and postage	3.9	3.9	3.9	3.9
Rates	2.2	2.0	1.3	1.3
Fellowships, scholarships and prizes	33.3	33.3	32.8	32.8
Furniture and equipment	17.4	17.4	16.8	16.8
Heat, light, water and power	12.0	12.0	12.3	12.3
Repairs and general maintenance	15.8	15.5	11.7	11.4
Grants to University of Sheffield Students' Union	3.4	3.4	3.5	3.5
Rents	14.3	14.5	12.7	12.6
Auditors' remuneration	0.1	0.1	0.1	0.1
Auditors' remuneration in respect of non-audit services	0.1	0.1	0.1	0.1
Professional fees and bought in services	27.7	27.7	23.9	23.9
Provision for bad & doubtful debts	1.5	1.5	0.4	3.3
Administrative expenses	9.5	9.5	8.6	8.6
Travel & subsistence expenses	13.4	13.3	12.7	12.4
Payments to non-contracted staff	8.2	8.2	8.3	8.3
Conference and meeting expenditure	2.6	2.6	2.4	2.4
Professional subscriptions	2.4	2.4	1.8	1.8
Student placement fees	1.8	1.8	2.1	2.1
Other expenses	11.8	9.1	12.4	11.1
	209.3	206.0	191.9	192.4

Travel and subsistence includes expenses paid to 6 Council members of £3,382 (2016: £3,835 to 9 Council members) in respect of their duties as Council members.

Other operating expenses include payments under operating leases which are detailed in note 30.

Notes to the Accounts

Note 9 Analysis of total expenditure (continued)

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
Analysis of total expenditure by activity				
Academic departments	212.4	212.4	207.2	207.2
Academic services	47.4	47.4	44.1	44.1
Central administration and services	32.0	32.0	38.0	38.0
General Educational expenditure	32.3	32.3	28.2	28.2
Staff and student facilities	14.3	14.3	14.1	14.1
Research grants and contracts	125.3	125.3	114.3	114.3
Residences, catering and conferences	40.8	40.8	41.5	39.0
Premises (including service concession cost)	83.8	83.8	76.7	76.7
Other expenses	44.7	37.1	32.8	31.3
	633.0	625.4	596.9	592.9

Note 10 Taxation

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
Recognised in the statement of comprehensive income				
Current tax expense	0.1	–	0.4	0.1
Deferred tax expense	–	–	–	–
Total tax expense	0.1	–	0.4	0.1

Note 11 Intangible assets

	Year ended 31 July 2017	
	Consolidated £m	University £m
Software		
Opening balance	0.5	0.4
Additions in the year	1.7	1.7
Amortisation charge for the year	–	–
Closing balance	2.2	2.1

The addition during the year relates to the purchase of a software intangible asset. The amortisation period is 5 years.

Notes to the Accounts

Note 12 Fixed Assets							
	Freehold Land and Buildings £m	Leasehold Land and Buildings £m	Service concession arrangement (Note 13) £m	Fixtures, Fittings and Equipment £m	Assets in the Course of Construction £m	Total £m	
Group							
Cost or valuation							
At 1 August 2016	868.1	39.4	204.5	221.6	33.5	1,367.1	
Additions	43.8	–	–	17.0	43.9	104.7	
Transfers	13.0	–	–	3.6	(16.6)	–	
Surplus on revaluation	(3.6)	–	36.0	–	–	32.4	
Disposals	(0.2)	–	–	(3.7)	–	(3.9)	
At 31 July 2017	921.1	39.4	240.5	238.5	60.8	1,500.3	
Consisting of valuation as at:							
31 July 2017	124.4	8.9	76.8	–	–	210.1	
Cost	796.7	30.5	163.7	238.5	60.8	1,367.1	
	921.1	39.4	240.5	238.5	60.8	1,500.3	
Depreciation							
At 1 August 2016	21.0	1.5	10.1	158.8	–	191.2	
Charge for the year	39.5	3.7	5.0	30.0	–	78.2	
Impairment write down	0.2	–	–	–	–	0.2	
Written back on revaluation	–	–	(15.1)	–	–	(15.1)	
Disposals	–	–	–	(3.7)	–	(3.7)	
At 31 July 2017	60.6	5.2	–	185.0	–	250.7	
Net book value							
At 31 July 2017	860.5	34.2	240.5	53.5	60.8	1,249.6	
At 31 July 2016	847.1	38.0	194.4	62.9	33.5	1,175.9	
University							
Cost or valuation							
At 1 August 2016	866.5	39.4	204.5	220.3	33.5	1,364.2	
Additions	43.8	–	–	16.9	43.9	104.6	
Transfers	13.0	–	–	3.6	(16.6)	–	
Surplus on revaluation	–	–	36.0	–	–	36.0	
Loss on revaluation	(3.6)	–	–	–	–	(3.6)	
Disposals	(0.2)	–	–	(3.7)	–	(3.9)	
At 31 July 2017	919.5	39.4	240.5	237.1	60.8	1,497.3	
Consisting of valuation as at:							
31 July 2017	124.4	8.9	76.8	–	–	210.1	
Cost	795.1	30.5	163.7	237.1	60.8	1,287.2	
	919.5	39.4	240.5	237.1	60.8	1,497.3	
Depreciation							
At 1 August 2016	20.8	1.4	10.1	158.0	–	190.3	
Charge for the year	39.5	3.7	5.0	29.7	–	77.9	
Impairment write down	0.2	–	–	–	–	0.2	
Written back on revaluation	–	–	(15.1)	–	–	(15.1)	
Disposals	–	–	–	(3.7)	–	(3.7)	
At 31 July 2017	60.5	5.1	–	184.0	–	249.6	
Net book value							
At 31 July 2017	859.0	34.3	240.5	53.1	60.8	1,247.7	
At 31 July 2016	845.7	38.0	194.4	62.3	33.5	1,173.9	

At 31 July 2017, freehold land and buildings included £0.8m (2016 - £0.8m) in respect of freehold land which is not depreciated.

A valuation of the property included in the University's Service concession arrangement was carried out as at 31 July 2017 by external valuer Gerald Eve LLP.

Notes to the Accounts

Note 13 Service Concession Arrangements

The University has one on Balance Sheet arrangement where service delivery has commenced.

Movement in Service concession arrangement assets

The asset value of the service concession included in the Balance Sheet as at 31/07/2017 is £240.5m (31/07/2016: £194.4m). The increase of £46.1m is as a result of an uplift on revaluation as at 31 July 2017 of £51.1m less depreciation in the year of £5.0m.

Movement in Service concession arrangement liabilities

The total liabilities relating to the service concession included in the Balance Sheet as at 31/07/2017 were £112.2m (31/07/2016 £115.3m). The sum of £3.1m was repaid during the year.

Future commitments

The following table analyses the University's future commitments in relation to service concession arrangements.

	Payable in 1 year	Payable in 2-5 years	Payable in more than 5 years	Total
	£m	£m	£m	£m
Liability repayments	3.4	12.7	96.1	112.2
Finance Charge	5.8	21.5	70.3	97.6
Service charge	4.9	23.8	210.8	239.5
	14.1	58.0	377.2	449.3

The notes below give more information on the University's current service concession arrangements:

During 2005-2006 the University entered into a 41-year contract with a third party provider, for the provision and maintenance of student accommodation. Service commenced in 2006 and the contract will end in 2047.

The assets and liabilities relating to this scheme are recognised on the University's Balance Sheet.

Annual rental payments made to the provider are recorded in other operating expenses.

Note 14 Non-Current Investments

	Subsidiary companies	Subsidiary investment in spinouts	Other fixed assets investments	Total
Consolidated	£m	£m	£m	£m
At 1 August 2016	–	–	14.0	14.0
Additions	–	–	0.3	0.3
Disposals	–	–	(0.7)	(0.7)
Appreciation	–	–	0.2	0.2
Exchange movements	–	–	–	–
Impairment	–	–	(0.9)	(0.9)
At 31 July 2017	–	–	12.9	12.9
University	£m	£m	£m	£m
At 1 August 2016	5.4	–	46.3	51.7
Additions	0.3	–	–	0.3
Disposals	–	–	–	–
Appreciation	–	–	0.2	0.2
Exchange movements	–	–	–	–
Impairment	(0.5)	–	(0.9)	(1.4)
At 31 July 2017	5.2	–	45.6	50.9

Investments that are listed are held at fair value.

Note 15 Investment in joint venture

The University holds a 12.5% share in N8 Ltd and a 25% share in Stem Learning Ltd. The arrangements are treated as joint ventures and accounted for using the equity method, such that 12.5% and 25% of the companies gross assets and liabilities respectively are incorporated into the consolidated balance sheet of the University and 12.5% and 25% of net income is reported in the University's consolidated income and expenditure account.

	Year ended 31 July 2017		Year ended 31 July 2016	
	£m	£m	£m	£m
Income and expenditure account				
Income		4.2		2.8
Deficit before tax		0.4		(0.4)
Balance sheet				
Fixed assets	0.3		0.4	
Current assets	1.2		0.6	
		1.5		1.0
Creditors: amounts due within one year	(1.1)		(0.6)	
Creditors: amounts due after more than one year	(0.3)		(0.7)	
		(1.4)		(1.3)
Share of net assets/ (liabilities)		0.1		(0.3)

Notes to the Accounts

Note 16 Investment in associates

The University has holdings in the following companies:

Company	%	Principal Activity
Blastech Ltd	24.9%	Blast, impact and ballistic testing services
Conteque Ltd	24.9%	Novel reinforcement systems for structural concrete
Enactus Sheffield Limited	*	Social enterprise company
Leonardo Testing Services Ltd	33.3%	Testing services for research and development
High Value Manufacturing Catapult	*	Grants management
Knowledge Now Ltd	37.6%	Semantic based solutions for knowledge sharing
Knowledge Flo Ltd	45.0%	Holding company
Limit State Ltd	25.0%	Computational limit analysis and software design
Redbrick Molecular Limited	*	Chemistry research and development

* Limited by guarantee

Note 17 Debtors and prepayments due in more than one year

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
Amounts falling due in more than one year:				
Prepayment: ABF lease	–	34.8	–	38.3
Loans to Group companies	0.2	0.3	–	1.5
Less Provision for bad debts	–	–	–	(1.0)
	0.2	35.1	–	38.8

Note 18 Trade and other receivables

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
Amounts falling due within one year:				
Research grants receivables	16.0	16.0	22.9	22.9
Other receivables	28.7	27.1	25.6	24.6
Prepayments and accrued income	38.9	38.6	38.9	38.3
Amounts due from subsidiary companies	0.2	0.2	–	0.1
	83.8	81.9	87.4	85.9

Note 19 Current Investments

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
Short term investment in shares	37.7	37.7	34.6	34.6
Short term bonds	–	–	–	–
Short term deposits	–	–	–	–
	37.7	37.7	34.6	34.6

Note 20 Creditors: amounts falling due within one year

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
Bank loans	2.7	2.7	2.7	2.7
Secured loans	–	–	–	–
Unsecured loans	0.1	0.1	–	–
Obligations under finance leases	3.5	3.5	1.6	3.5
Service concession arrangements (note 13)	3.4	3.4	3.1	3.1
Trade payables	14.9	14.9	20.1	19.0
Social security and other taxation payable	7.0	7.0	6.7	6.7
Accruals and deferred income	135.6	133.7	123.6	121.6
Other creditors	28.5	29.2	25.8	26.9
	195.7	194.5	183.6	183.5

Deferred income

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
Research grants received on account	46.8	46.8	43.0	43.0
Other income	31.3	31.3	25.6	25.6
	78.1	78.1	68.6	68.6

Notes to the Accounts

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£m	£m	£m	£m
Service concession liabilities due after one year	108.8	108.8	112.2	112.2
Obligations under finance lease	–	63.7	–	67.2
Long term creditor	0.6	0.4	0.6	0.4
Bank and other loans	11.5	11.5	14.1	14.1
Private placement	59.8	59.8	59.8	59.8
	180.6	244.2	186.7	253.7
Analysis of loans and private placement				
Due within one year or on demand (Note 20)	2.7	2.7	2.7	2.7
Due between one and two years	2.7	2.7	2.7	2.7
Due between two and five years	8.1	8.1	8.0	8.0
Due in five years or more	60.5	60.5	63.1	63.1
Due after more than one year	71.3	71.3	73.8	73.8
Total unsecured loans	74.0	74.0	76.5	76.5
Unsecured loans repayable by 2047	74.0	74.0	76.5	76.5

Included in loans and private placement are the following:

Lender	Amount	Term	Interest rate	Borrower	Date
	£m		%		
Unifund Plc	59.8	40 years bullet repayment	5.33 - Fixed	University	31 May 2007
Scottish Widows Ltd	14.0	15 years quarterly repayment	5.46 - Fixed	University	30 November 2007
			0.5365 - variable		
Salix Finance Ltd	0.2	4 years biannual repayment	Interest free	University	
Total	74.0				

	Obligation to fund deficit on USS Pension	USPS Defined benefit obligation (Note 31)	Total Pensions Provisions	Other	Total Provisions
	£m	£m	£m	£m	£m
Consolidated					
At 1 August 2016	69.3	125.1	194.4	0.9	195.3
Utilised in year	(3.2)	–	(3.2)	(0.6)	(3.8)
Additions in 2016-17	1.2	22.1	23.3	–	23.3
Unused amounts reversed in 2016-17	–	–	–	–	–
At 31 July 2017	67.3	147.2	214.5	0.3	214.8
	£m	£m	£m	£m	£m
University					
At 1 August 2016	69.3	125.1	194.4	0.7	195.1
Utilised in year	(3.2)	–	(3.2)	(0.6)	(3.8)
Additions in 2016-17	1.2	22.1	23.3	–	23.3
Unused amounts reversed in 2016-17	–	–	–	–	–
At 31 July 2017	67.3	147.2	214.5	0.1	214.6

USS pension deficit provision

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS and salary payment over the period of the contracted obligation in assessing the value of this provision.

Other provisions

Other provisions include the final disposal costs of sealed sources as defined by the High Activity Sealed Source regulations of 2005 (SI2005 No. 2686). The current estimates for the provision are £1,800 for the disposal of a large Sr-90 source and £107,300 for the disposal of two IBL 437C irradiators. These provisions will be renewed on a biennial basis.

Notes to the Accounts

Note 23 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Unrestricted permanent endowments	Expendable endowments	2017 Total	2016 Total
	£m	£m	£m	£m	£m
Balances at 1 August 2016					
Capital	19.3	7.9	7.9	35.1	34.4
Accumulated income	3.8	–	0.7	4.5	4.6
	23.1	7.9	8.7	39.6	39.0
New endowments	0.1	–	1.2	1.3	0.6
Investment income	0.8	0.3	–	1.2	1.2
Expenditure	(0.9)	(0.3)	(0.1)	(1.3)	(1.2)
Realisations	–	–	–	–	(0.1)
Increase in market value of investments	0.8	0.3	0.2	1.4	0.2
Total endowment comprehensive income for the year	0.9	0.3	1.3	2.6	0.7
At 31 July 2017	24.0	8.2	9.9	42.2	39.7
Represented by:					
Capital	20.2	8.2	9.2	37.6	35.1
Accumulated income	3.8	–	0.8	4.6	4.6
	24.0	8.2	9.9	42.2	39.7
Analysis by type of purpose:					
Lectureships	4.2	–	0.1	4.3	4.1
Scholarships and bursaries	14.4	–	3.0	17.4	16.2
Research support	1.5	–	5.0	6.5	6.7
Prize funds	1.8	–	1.4	3.2	2.4
General	2.1	8.2	0.5	10.8	10.3
	24.0	8.2	9.9	42.2	39.7
Analysis by asset					
Fixed assets				–	–
Current and non-current asset investments				37.7	34.8
Cash & cash equivalents				4.5	4.9
				42.2	39.7

Deficit balances

The accumulated income relating to the following permanent endowments is currently in deficit. The income to cover these deficits is expected to be received by 31 July 2018.

Balances at 31 July 2017:	Capital	Income
	£	£
JG Graves Fellowship in Medicine	956,383	(185,231)
F Moody Chair of Neurology	588,854	(55,408)
Herbert Price Prize in Medicine	12,875	(10,519)
Convocation Student Hardship	18,782	(3,078)
Former Student Appeal Hardship	31,684	(1,925)
	1,608,578	(256,161)

Note 24 Restricted Reserves

Reserves with restrictions are as follows:

	2017 Total £m	2016 Total £m
Balances at 1 August 2016	1.9	1.7
Research grant income	1.4	0.4
Donation income	2.1	1.6
Expenditure	(1.8)	(1.8)
Total restricted comprehensive income for the year	1.7	0.2
At 31 July 2017	3.6	1.9
Analysis of other restricted funds / donations by type of purpose:		
Lectureships	–	–
Scholarships and bursaries	0.6	0.5
Research support	2.1	0.8
Prize funds	–	–
General	0.9	0.6
	3.6	1.9

Note 25 Cash and cash equivalents

	At 1st August 2016 £m	Cash Flows £m	At 31st July 2017 £m
Consolidated			
Cash and cash equivalents	72.9	(31.7)	41.2
	72.9	(31.7)	41.2
University			
Cash and cash equivalents	65.8	(30.8)	35.0
	65.8	(30.8)	35.0

Note 26 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2017:

	31 July 2017		31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
Commitments contracted for	59.1	59.1	30.1	30.1
Commitments not contracted for	105.3	105.3	90.2	90.2
	164.4	164.4	120.3	120.3

Note 27 Contingent liabilities

The University has given written undertakings to support these subsidiary companies at twelve months from the date of approval of these financial statements:

CTI Limited
Everyday Juice Limited
TUOS Parking Limited

Note 28 Linked charities

Included in the endowments are a small number of linked (paragraph (w)) charities:

	Opening balance £m	Income £m	Expenditure £m	Change in market value £m	Closing balance £m
Consolidated					
Yorkshire Cancer Research Endowment	4.7	0.4	(0.2)	(0.4)	4.5
4 funds and charities each with income below £100,000:	0.4	–	–	–	0.4
	5.1	0.4	(0.2)	(0.4)	4.9

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

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

Note 29 Subsidiary undertakings

The subsidiary companies wholly-owned or effectively controlled by the University are as follows:

Company	Principal Activity	%
AMRC Management Ltd	Advanced manufacturing research	100.00%
Castings Technology International Ltd	Advanced casting manufacturing and research	100.00%
epiGenesys Ltd	Custom software solutions and web applications	100.00%
Escafeld Estates Ltd	Property disposal for student residences strategy	100.00%
Everyday Juice Ltd	Health and wellbeing	75.00%
FaraPack Polymers Ltd	Innovative packaging solutions	100.00%
In-Tend Ltd	Procurement software	75.00%
Risk2Value Ltd	Insurance services	100.00%
Sheffield Advisory Services Sdn Bhd	University Malaysian Office	100.00%
SUEL Ltd	Business and management consultancy	100.00%
The National Metals Technology Centre Ltd	Licensing of NAMTEC name to the University	*
Keapstone Therapeutics Ltd	Virtual biotechnology	60.00%
TUOS Parking Ltd	Car park services	100.00%
Unicus (Sheffield) Ltd	Hotel services	100.00%
UoS LP Ltd	Partner in asset backed funding of University Pension scheme	100.00%
UoS GP Ltd	Partner in asset backed funding of University Pension scheme	100.00%
IFRF Limited	Non profit research	*
AMRC Korea**	Advanced manufacturing research	100.00%

* Limited by guarantee

** AMRC Korea is a wholly owned foundation

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

Note 30 Lease obligations

Total rentals payable under operating leases:

Consolidated and University	31 July 2017				31 July 2016	
	Land and Buildings £m	Printers £m	Vehicles £m	Total £m	Total £m	
Payable during the year	7.4	0.9	0.1	8.4	6.8	
Future minimum lease payments due:						
Not later than 1 year	7.0	0.9	0.1	8.0	6.5	
Later than 1 year and not later than 5 years	1.7	0.7	0.2	2.6	3.2	
Later than 5 years	0.1	–	–	0.1	0.1	
Total lease payments due	8.8	1.6	0.3	10.7	9.8	

Note 31 Pension Schemes

The two principal schemes for the University's staff are the Universities' Superannuation Scheme (USS), and the University of Sheffield Pension Scheme (USPS). In addition, for some clinical staff, contributions are paid to the National Health Service Pension Scheme (NHSPS).

The total pension costs for the University were:

	Year Ended 31 July 2017 £m	Year Ended 31 July 2016 £m
USS contributions	51.1	44.8
USPS service costs	5.3	4.9
NHSPS contributions	1.5	1.5
	57.9	51.2
Movement on USS provision	(3.3)	(0.2)
Total pensions costs included in staff costs	54.6	51.0
USS pension finance cost	1.2	1.7
USPS and ex-gratia pensions net interest charge	3.1	2.8
Total pensions cost included in interest costs	4.3	4.5
USPS administration cost in other operating expenses	0.9	1.3
Actuarial loss relating to USPS and ex-gratia pensions	21.3	47.0
Total pension cost	81.1	103.8

(i) The Universities Superannuation Scheme

The latest available full actuarial valuation of the scheme was at March 2014 ("the valuation date") which was carried out using the projected unit method. The valuation at 31 March 2017 is under way.

Since the institution cannot identify its share of the scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to the members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.41%	2.2%

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

Male members' mortality 98% of SINA ("light") YoB tables - No age rating

Female members' mortality 99% of SINA ("light") YoB tables - rated down one year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8

	2017	2016
USS Scheme assets and liabilities		
Scheme assets	£60.0 billion	£49.8 billion
Total scheme liabilities	£77.5 billion	£58.3 billion
FRS102 total scheme deficit	£17.5 billion	£8.5 billion
FRS102 total funding level	77%	85%

(ii) University of Sheffield Pension Scheme

Disclosure for the accounting period ending 31 July 2017

A formal triennial actuarial valuation of the scheme as at 1 April 2017 is under way, however the results from this are not yet available to inform the disclosure as at 31.07.17. The previous actuarial valuation was as at 31.07.14.

During the accounting period, the University paid contributions to the scheme in accordance with the tiered contribution structure that had been effective from 1 December 2011.

The University also provides ex-gratia pension benefits to certain employees and former employees who previously did not join other pension arrangements. Ex-gratia benefits have now ceased accruing for all such employees. The University currently pays ex-gratia pensions of £414,000 p.a. These liabilities are not separately funded.

Note 31 Pension Schemes (continued)**Assumptions**

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	At 31 July 2017	At 31 July 2016
	%pa	%pa
Price Inflation (RPI)	3.05	2.61
Price Inflation (CPI)	2.05	1.61
Rate of increase in salaries	4.35	3.86
Rate of increase of pensions in payment for USPS members	2.05	1.61
Rate of increase of pensions in payment for ex-gratia pensioners*	3.05	2.61
Increases to deferred pensions before retirement	2.05	1.61
Discount rate	2.58	2.53

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

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 2016	21.6	23.8	24.1	26.4
At 31 July 2017	21.7	23.9	24.2	26.5

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 2017 £m	31 July 2016 £m	31 July 2015 £m
Equities	126.2	117.9	109.8
Government bonds	6.3	5.1	2.3
Corporate bonds	28.2	22.1	13.1
Property	14.7	13.7	12.8
Cash	3.3	2.3	13.9
Total	178.7	161.1	151.9

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 £4.9m of the total liabilities of £147.2m and £0m of the total assets.

	Year Ended 31 July 2017 £m	Year Ended 31 July 2016 £m
Analysis of the amount shown in the balance sheet for USPS and ex-gratia pensions:		
Scheme assets	178.7	161.1
Scheme liabilities	(325.9)	(286.2)
Deficit in the scheme – net pension liability recorded within pension provisions	(147.2)	(125.1)
Amount charged to Income and Expenditure for USPS		
Current service cost	5.3	4.9
Administration expenses	0.9	1.3
Total operating charge	6.2	6.2
Analysis of the amount charged to interest payable for USPS and Ex-gratia pensions		
Interest cost	7.1	8.4
Expected return on assets	(4.0)	(5.7)
Net charge to interest payable	3.1	2.7
Analysis of other comprehensive income for USPS and ex-gratia pensions		
Gain on assets	(13.6)	(2.9)
Experience (gain)/loss on liabilities	(0.1)	0.1
Loss on liabilities	35.0	49.8
Total other comprehensive income before deduction for tax	21.3	47.0

Note 31 Pension Schemes (continued)

	At 31 Jul 2017 £m	At 31 Jul 2016 £m
Cumulative actuarial loss recognised as other comprehensive income for USPS and ex-gratia pensions		
Cumulative actuarial losses recognised at the start of the year	98.7	51.7
Cumulative actuarial losses recognised at the end of the year	120.0	98.7
Analysis of movement in deficit for USPS and ex-gratia pensions		
Deficit at beginning of year	125.1	77.4
Contributions or benefits paid by the University	(8.5)	(8.3)
Current service cost	5.3	4.9
Administration charge	0.9	1.3
Net interest cost	3.1	2.8
Loss recognised in other comprehensive income	21.3	47.0
Deficit at end of year	147.2	125.1
Analysis of movement in the present value of USPS and ex-gratia liabilities		
Present value of USPS and ex-gratia liabilities at the start of the year	286.2	229.3
Current service cost (net of member contributions)	5.3	4.8
Interest expense	7.1	8.4
Actual member contributions (including notional contributions)	0.3	0.3
Actuarial loss	34.9	49.9
Actual benefit payments	(7.9)	(6.5)
Present value of USPS and ex-gratia liabilities at the end of the year	325.9	286.2
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	161.1	151.9
Expected return on assets	4.1	5.7
Actuarial gain on assets	13.6	2.9
Actual contributions paid by University	8.1	7.9
Expenses paid from scheme assets	(1.1)	(1.5)
Actual member contributions (including notional contributions)	0.3	0.3
Actual benefit payments	(7.4)	(6.1)
Fair value of scheme assets at the end of the year	178.7	161.1

	Year to 31 July 2017 £m	Year to 31 July 2016 £m
Actual return on Scheme assets		
Expected return on Scheme assets	4.1	5.7
Actuarial gain on assets	13.6	2.9
Actual return on Scheme Assets	17.7	8.6

Estimated contributions for USPS in the Financial Year 2017–2018 is £8.1m.

Note 32 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.

Related Party	Income	Expenditure	Balances at 31 July 2017 due to/(from) the University
	£m	£m	£m
University Companies			
Sheffield University Student's Union	1.5	0.8	0.1
The Russell Group of Universities	–	0.1	–
Sheffield Advisory Services Sdn Bhd	–	0.2	–

Organisations and Companies in which members of Council or senior management have an interest:-

Related Party	Income	Expenditure	Balances at 31 July 2017 due to/(from) the University	
	£m	£m	£m	
Advanced Aerospace Assembly Ltd	–	0.1	–	Mr R Rabone
Henry Boot Plc	–	10.6	–	Mr J Sutcliffe
Higher Education Funding Council for England	81.6	–	–	Professor Sir K Burnett
Irwin Mitchell LLP	–	0.2	–	Mr K Cunningham
Rotherham NHS Foundation Trust	–	0.1	–	Mrs A M Hope
Sheffield Teaching Hospitals NHS Fdn Trust	–	4.1	–	Mr A P Pedder
EEF Ltd	12.0	–	2.1	Mr A P Pedder

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