



The
University
Of
Sheffield.

Annual Report & Financial Statements 2015–2016.

A WORLD
TOP 100
UNIVERSITY

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Vice-Chancellor's introduction



*Professor Sir Keith Burnett CBE FRS FLSW,
Vice-Chancellor*

I am pleased to present the Annual Report for the University of Sheffield for the period 2015–16.

The statistics in this report tell a story of tremendous effort and success as the scholars, staff and students of this University have continued in their determination to make a positive difference in the world through outstanding research and teaching, partnerships with industry and engagement with the needs of their fellow human beings and wider society. What they do not reveal is the context in which their achievements took place, a period of enormous change and challenge for higher education in which I am proud to say this University has been a national and global advocate for the values of learning and our international community of scholarship.

League tables indicate again a University which is rightly respected around the world for our research and teaching. In 2015–16 Sheffield was ranked as a top 100 university in the Times Higher Education World University Rankings and QS World University Rankings 2015-16. Independent assessments of our teaching, for the satisfaction of our students, our record on supporting the most talented students from all backgrounds and the engagement of our staff continue to be outstanding. On all these measures, this University has worked hard and performed well.

What is harder to capture is what and who this University is for – a question which has been impossible to ignore during the tumultuous external environment of 2015–16 in which UK universities saw the publication by the government of the first Higher Education bill for 12 years which included within it an outline Teaching Excellence Framework and the momentous referendum vote by the British electorate to leave the European Union.

In such a context, UK universities have found themselves challenged on numerous fronts. Our University is international to its core, both in the makeup of our staff and our students. Our research is often funded from European Union funds and our partnerships span the world. Any sense that the UK was turning inwards or which questioned the welcome of our continental EU or other international staff and students had to be resisted.

Yet we also knew that many in our own city and region had felt let down by international elites and had felt the cost of decades of industrial decline. Our work to strengthen society, to create a strong economy and to answer aspiration with opportunity had never felt more relevant. Our vision and values as a place of global scholarship were being put to the test.

Our University has never been one which existed for its own sake alone. Over a century ago, it was founded with the clearest possible sense of public value. This would be a University 'for the people'. That sense of privilege and duty to act is at the core of why we exist at all.

Pre-dating the University was the Sheffield Medical School and the deep commitment to use knowledge for good infused the early University and continues to do so. In a context in which higher education was increasingly subject to party political debate and in which nationalism flourished, our international staff and students studied the causes and treatment of diseases. New doctors were trained and served in the region's outstanding teaching hospitals. Our scientists and engineers collaborated on research which brought together cutting edge techniques of simulation to better understand human systems, and our computer scientists considered how the use of

data could help address the challenges of an ageing population and help integrate hospital treatment and social care. Our social scientists addressed issues of healthy policy and our University became a global leader in medical humanities, never forgetting that a patient is first and foremost a human being and that understanding the needs of a person can transform everything from mental health to the experience of chronic pain.

This is just one example of very many, yet it shows what league tables cannot convey – that our University's teaching and research is not only about competitive global position but about taking understanding and putting it at the service of society.

This is something which is seen most effectively in the way we teach students, and I am delighted that 2015–16 saw us add to national and international benchmarks our own determination to work closely with our own experienced university teachers and students to develop a University of Sheffield strategy for Teaching and Learning. Led by our Pro-Vice-Chancellor for Learning and Teaching Professor Wyn Morgan, we are taking what is internationally leading and what truly works and blending this with the latest innovations in technology so that our students will continue to go out into the world well-prepared as graduates to make a positive difference across the world in their chosen careers.

Our unwavering commitment to education as a public benefit has also spread far and wide. We see its impact not only in our hospitals but in our many collaborations in our city region, most notably the world-leading Advanced Manufacturing Research campus which forms the heart of Sheffield's wider aspirations for economic growth. In 2015 this most dramatically showed itself in the opening of our new

Factory 2050, the world's first fully reconfigurable factory which is already drawing in industrial partners from around the globe and the ongoing success of our 550 industry sponsored apprentices. Already honoured as the UK's widening participation initiative of the year, I was truly proud that this year our first apprentices began study on bespoke industry sponsored engineering degrees in the heart of our manufacturing research environment. Without doubt, we are doing genuine good for the city region which had the vision to found our University.

But our sense of community is not narrowly defined by our immediate geography. We are a global community and our interests expand far beyond our own borders. So this year we have founded the University of Sheffield's commitment to restoring medical education in war-torn Iraq where we are working with doctors who offer care in a region blighted by conflict. We raised funds for refugee scholars and developed low-carbon energy projects in rural Benghal and new ways of growing food in the most desperate of refugee camps for those displaced by conflict. Our medical colleagues continued their groundbreaking work with stem cells in partnership with the Eye Hospital in Hyderabad in India and our University announced an engineering partnership with the Chinese space programme.

So in 2015–16, the University of Sheffield showed its true colours. We acted locally and globally. And we made clear that we are one University made of many nations.

In the light of the referendum, the #WeAreInternational campaign I founded here in Sheffield with our students became profoundly important to the whole of UK higher education.

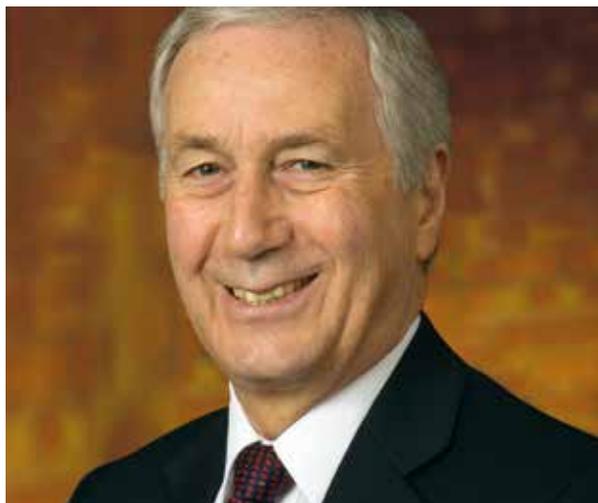
It was adopted by over 100 universities, the CBI, British Council and the Foreign Office. Films we made have been adapted for us in different languages by embassies and universities working across the world. It does not surprise me that this determination to speak clearly about our precious international University, began here in Sheffield. What does surprise me is how important it has become to others.

None of this would have been achieved without the dedication and support of our superb staff who come to us from around the world, bringing with them a determination to serve the interests of students and society through teaching and research in ways which are admired around the globe. To each of them, thank you. It has been my privilege to lead this University and to speak for its work and vision.

I have no doubt that we will continue to face significant challenges but we do so in a strong position of achievement and a willingness to act with determination to achieve our aims as a united community of global scholarship which makes a positive difference to the world.

Professor Sir Keith Burnett CBE FRS FLSW
Vice-Chancellor of the University of Sheffield

Foreword by the Chairman



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

When the University of Sheffield Strategic Plan for the next five years was approved by the University Council in the autumn of 2015, in my foreword I commented that “we fully recognise that, as with any strategy, currently unforeseen opportunities and challenges may require us to alter course from time-to-time.” I also said that “for this reason, we will maintain a culture of flexibility and agility”. I don’t think at the time we could have foreseen the scale of new challenges, which would confront us so quickly and hence the level of agility needed. Brexit and its consequences are still to be worked through, but it is already clear that the environment in which we operate is likely to change markedly and this will require the highest level of strong leadership and agility from the University’s senior team. I remain confident that they can meet the challenge and this Annual Report, which describes another year of good performance overall, gives support to that prediction.

Although what we aspire to achieve is difficult to capture in league tables, I am pleased to report that the University performed well in the key tables we do follow and notably we were ranked as a top 100 university in both the Times Higher Education World University Rankings and QS World University Rankings 2015–16.

Our undergraduate population stands at around 18,400, a slight increase on last year. The period covered in this report also showed 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 and home recruitment increased.

Based on the success of a pilot scheme to improve access to postgraduate study, the University also offered £1m in scholarships for talented home

students who might not otherwise have been able to afford to study at postgraduate level. The scheme has once again been successful in its second round, and over 100 scholarships were awarded for entry in 2016.

The University’s research activity also remains strong. Our total research income for 2015–16 was £168.5m, up by 3.4 per cent on 2014–15 and we saw solid growth in research funding awards - enabling us to tackle the big questions - including £10m for the Leverhulme Centre for Climate Change Mitigation, which will bring together an international interdisciplinary team to find ways to remove CO₂ from the atmosphere.

Our global reach also continues to grow with strengthened research partnerships in key locations such as India, Korea, the U.S. and China. These range from medical research with the Eye Hospital in Hyderabad in India to energy projects, advanced manufacturing and even work with the Chinese space programme.

On finance, our total income over the period grew by £46 million to £636 million, with the main increase being capital grant income which rose by £34 million. Total expenditure in the year was £597 million. The increase in capital grant income contributed to increasing investment in our facilities, which I comment on below. While our finances remain in good order, we are alert to the changing environment, which I referred to above and hence the need for us to sharpen even further in the months ahead, our focus on costs and efficiency.

The close working relationship between the University and our Students’ Union continues to be a national exemplar, from the integration of apprentices into student life to our exceptional #WeAreInternational campaign. The latter is a joint initiative championed by the Vice-Chancellor and President of the Students’

Union, now adopted by more than 100 universities across the UK, which is seeking to promote a more informed attitude to the great contribution international students make to life in UK.

Our Students' Union was again voted the best in the UK in the Times Higher Education Student Experience Survey. This is an outstanding eighth consecutive year. In the National Student Survey, our Students' Union was also voted the best in the UK for the fifth year running and three of our departments scored an outstanding 100 percent overall satisfaction scores.

I mentioned earlier our investment in facilities and this year, in partnership with the City Council, we began work on the Campus Masterplan which I referred to last year and which will enhance our campus for students and staff, and also provide new public spaces. Other major investments in the year included the opening of the Diamond which provided an additional 19,500 square feet of teaching and learning space, and our new multi-storey car park at Durham Road.

Developments also continued at our Advanced Manufacturing Park, where in December, the University took possession of Factory 2050 – a fully-reconfigurable facility which supports our world-leading research on advanced manufacturing. In addition to securing the University's partnerships with such major companies as Boeing, Rolls-Royce and Jaguar Land Rover, this facility will offer unique opportunities for the development of researchers working in key areas such as big data, simulation, robotics and novel materials.

We recognise and hugely value our role in the City Region and in this context the University once again played a pivotal role locally in promoting learning and cultural experiences. As part of the Sheffield Culture Consortium, the University contributed to the city's

celebration of creativity and manufacturing – the Year of Making. The University also shared 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 worked closely with our local community to enhance the region's economic and cultural vitality.

The influence of the University stretches far beyond Sheffield, however. 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 and in 2015–16, the University was the grateful recipient of an increase in philanthropic contributions to research, donations and endowments of 26 per cent. 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. This included our four Olympic medal winners who inspired with their dedication to succeed in their field blended with academic achievement.

As I have said in previous reports, the University's key asset is its staff, who continue to perform at the highest level. Our staff survey results indicate that the culture is strong with exceptional scores in relation to the pride staff feel in their University and the quality of its leadership. 94 per cent of respondents recorded in this period say they were proud to work at the University. The University was the only higher education institution to be placed in The Sunday Times Best 100 Not-For-Profit Organisations to Work For 2016, and achieved a silver institutional Athena SWAN award. This award recognises our ongoing commitment to, and impact on, gender equality – one of nine of an elite group of universities holding silver institution awards. Our staff make us what we are,

and on behalf of Council I would like to thank them for their continuing professionalism and commitment.

We were delighted to welcome the Rt Hon Lady Justice Rafferty DBE as the eighth Chancellor of the University in November 2015. A graduate of our University and a Lord Justice of Appeal, Dame Anne's individual qualities and professional achievements are a great fit for this unique ambassadorial role.

We also welcomed a number of new colleagues to the University Executive Board this year: Professor Shearer West joined us as Deputy Vice-Chancellor in September 2015; and Professor Wyn Morgan took up the role of Pro-Vice-Chancellor for Learning and Teaching. I would though like to particularly thank Professor Tony Weetman who retired from the position of Pro-Vice-Chancellor for the Faculty of Medicine, Dentistry and Health this year; and Professor Tony Ryan whose term as Pro-Vice-Chancellor for the Faculty of Science also came to an end during the period of this report. We wish them both the very best and extend a warm welcome to their successors, Professors Dame Pam Shaw and Nigel Clarke.

The University of Sheffield continues to be a place of exceptional research and teaching with a clear mission to make a difference in its immediate locale and the wider world. Referring back to my opening paragraph, there is no question in my mind that we will face many new challenges in fulfilling that mission over the coming years. I am however confident that we will address these with the benefit of our outstanding leadership team, our inspiring staff and the sense of purpose, which has served us well since the University's inception.

Tony Pedder OBE
Chair of The University of Sheffield Council

Report of the Treasurer



David Young CBE,
Treasurer

Financial performance

Despite the underlying operating deficit I am pleased to report a healthy overall result in 2015–16. This is in a context of recent and anticipated future sector changes, creating an environment of continual flux and instability. The University's income has continued to grow, with most of the growth arising from home and international student fee income. However, our costs also continue to grow, and we have carefully managed these whilst providing excellent facilities, increasing scholarships and bursaries, and absorbing pension cost pressures. We have again generated strong cash flows from our operations. This positive cash position allows us to invest in our University so that we can remain a world leading institution.

In line with our Strategic Plan (2016–2021) we are planning for future growth and will continue to deliver an outstanding student experience. We will invest in our teaching and research infrastructure in order to realise our future ambitions. We are already at the forefront of apprenticeship delivery, and are proud of our international community.

However, we will need to remain flexible and agile in the pursuit of our ambitions. We are facing many unprecedented global and UK uncertainties. The consequences of Brexit and the impact of future immigration policy remain unclear and cost pressures are increasing.

Despite this we have a robust financial history and are confident about our future and our long term financial sustainability. We have proven ourselves to be dynamic, diverse and proactive; ready to face new challenges and to enjoy and contribute to future opportunities.

Headlines of underlying performance

Income growth of **£25.5m** (4.7%)

Expenditure growth of **£28.4m** (5.2%)

Underlying operating deficit of **£7.0m** (2014/15: £4.1m deficit)

Net assets of **£820.3m** (2014/15: £753.2m)

Cash generated from operations of **£65.2m** (2014/15: £67.2m)

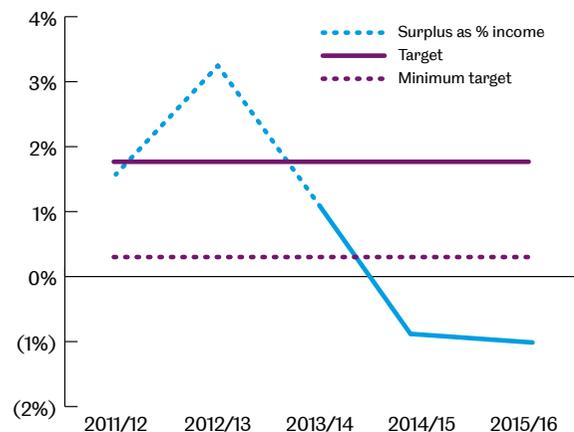
Net debt of **£3.7m** (2014/15: £28.5m)

Capital expenditure of **£84.2m** (2014/15: £131.6m)

Capital grants received of **£63.1m** (2014/15: £28.7m)

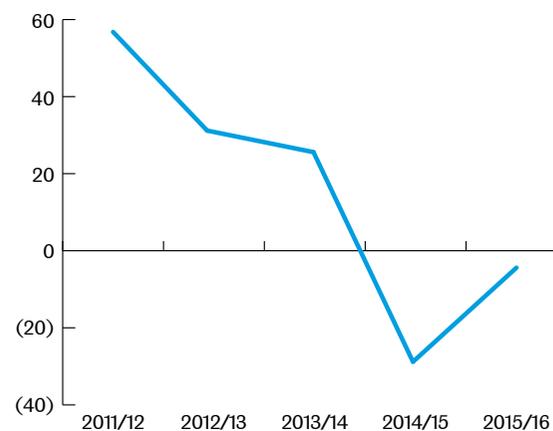
Key performance indicators

Surplus generation from underlying activities

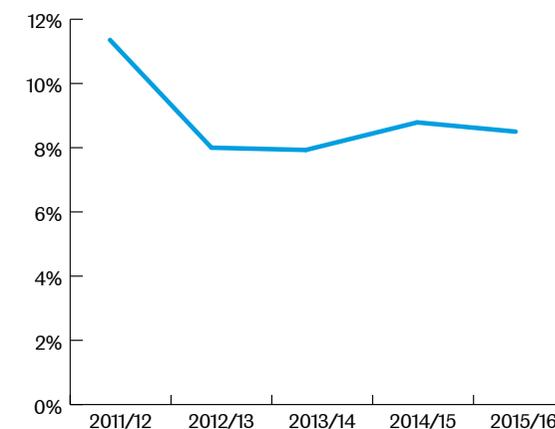


Estimates for 2011/12 to 2013/14 figures have been adjusted to a proxy of what they would have been when reported under FRS102.

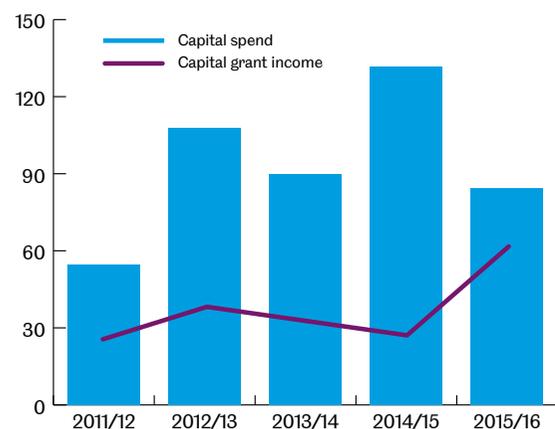
Net debt (£m)



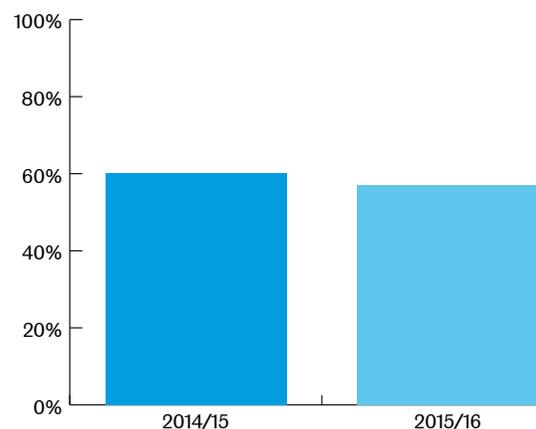
Adjusted operating cashflow as % of total income



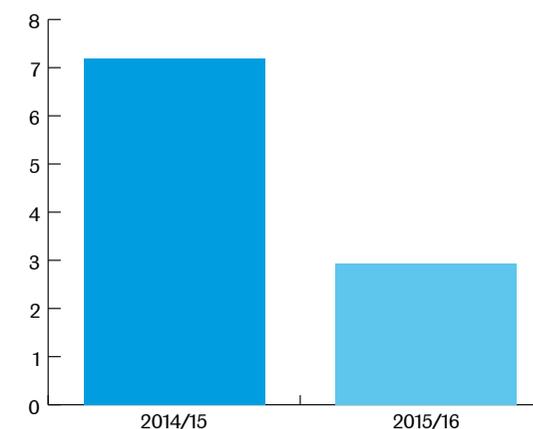
Capital spend (£m)



Discretionary reserves (unrestricted) as % total underlying income



Financial commitments as multiple of operating cashflow



Financial results

This is the first year that the sector has reported under the new accounting standard of FRS102. This has had a major impact on how we now report our financial results. The statement of comprehensive income and expenditure (income statement) is showing greater volatility, and the balance sheet includes additional liabilities that were not required to be included previously. The volatility in our results will also arise for other institutions, making it more difficult to measure our performance against the sector.

In order to help understand our income and expenditure account we are internally reporting underlying (operational) and other activities (unusual or infrequent events as required by financial reporting standards). Prior year comparatives have been restated for any material items affected by the new accounting standard. The summary income statement presents our 2015–16 results analysed between our underlying and other activities:

Summary statement of comprehensive income and expenditure						
	Year ended 31 July 2016			Year ended 31 July 2015		
	Underlying	Other activities	Total	Underlying	Other activities	Total
	£m	£m	£m	£m	£m	£m
Income						
Tuition fees and education contracts	273.9	–	273.9	253.3	–	253.3
Funding body grants	75.2	25.9 ¹	101.1	81.7	3.3	85.0
Research grants and contracts	132.3	36.2 ¹	168.5	126.5	36.3*	163.0
Other income	87.2	5.1 ²	92.3	81.5	6.9	88.4
Total income	568.5	67.2	635.7	543.0	46.7	589.7
Expenditure						
Staff costs	311.4	0.4 ³	311.9	291.8	35.8	327.6
Other operating expenses	210.9	(19.0) ⁴	191.9	207.5	(18.3)	189.2
Depreciation	48.5	26.8 ⁵	75.3	42.8	22.8	65.6
Interest and other finance costs	4.7	13.2 ⁶	17.9	5.0	12.1	17.1
Total expenditure	575.5	21.4	596.9	547.1	52.4	599.5
Operating surplus / (deficit)	(7.0)	45.8	38.8	(4.1)	(5.7)	(9.8)
Gain/(loss) on fixed assets and investments	–	(2.9) ⁷	(2.9)	–	2.4	2.4
Other gains and losses	–	–	–	–	–	0.0
Taxation	–	(0.4)	(0.4)	–	(3.1)*	(3.1)
Surplus / (deficit) for the year after tax	(7.0)	42.5	35.6	(4.1)	(6.4)	(10.5)
Gain on revaluation of land and buildings	–	78.3 ⁸	78.3	–	8.1	8.1
Loss in respect of pension schemes	–	(47.0) ⁹	(47.0)	–	(11.7)	(11.7)
Total comprehensive income for the year	(7.0)	73.8	66.8	(4.1)	(10.0)	(14.0)

- 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
- 9 Increase in accounting estimate of University of Sheffield Pension Scheme liability (not a change in actuarial valuation) at 31 July 2016

* Includes one-off Research and Development Expenditure Credit (RDEC) income of £14.3m and tax charge of £3.1m

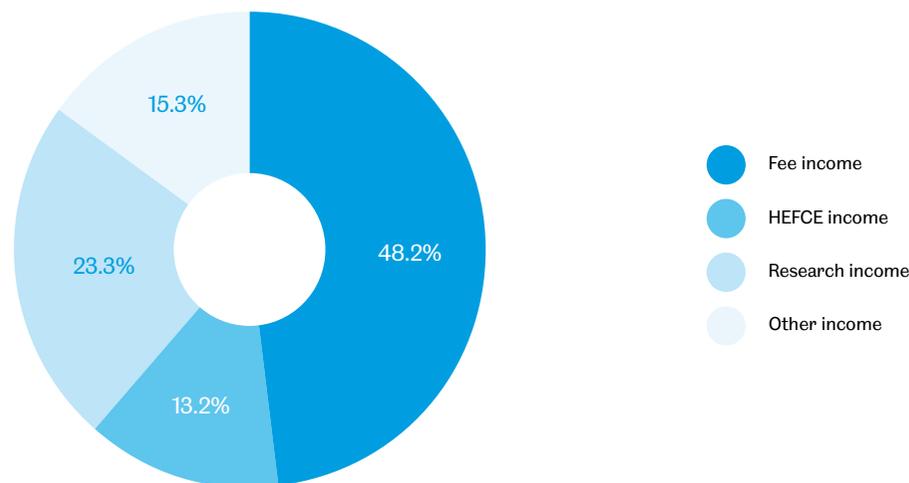
Underlying results

Total underlying income

The University now receives almost half of its income from student fees.

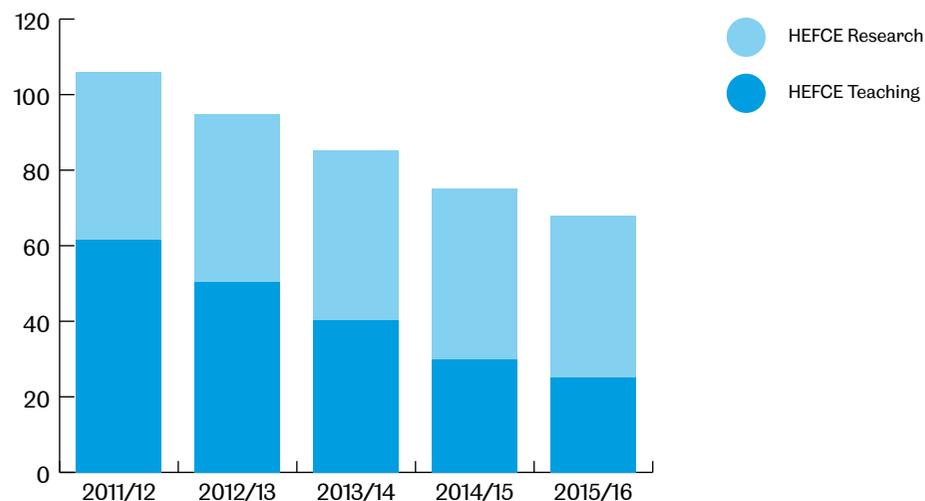
Home students contribute 23.7% of our total underlying income (2014/15: 21.9%), whilst international students contribute 19.8% of our total underlying income (2014/15: 19.5%).

Conversely we now receive only 11.9% of our underlying income from recurrent HEFCE grants (2014/15: 13.8%).



HEFCE recurrent grant income (£m)

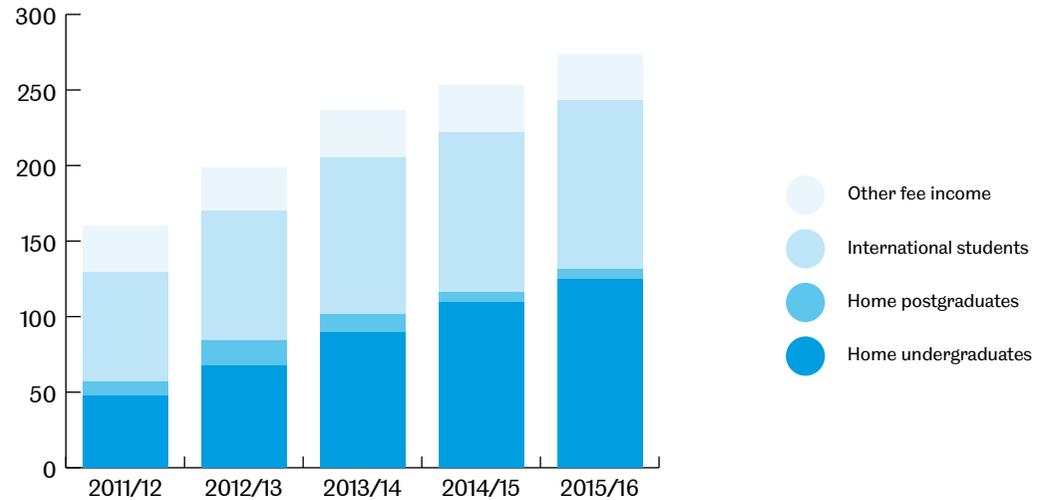
HEFCE recurrent grants continue to decline, following the pattern of previous years. During the year we received a teaching grant of £25.2m, and a research grant of £42.7m. Over the last five years this is a total decrease of 35.9%, with the majority of the decline being in the teaching grant when the £9k home/EU fee was introduced.



Fee income (£m)

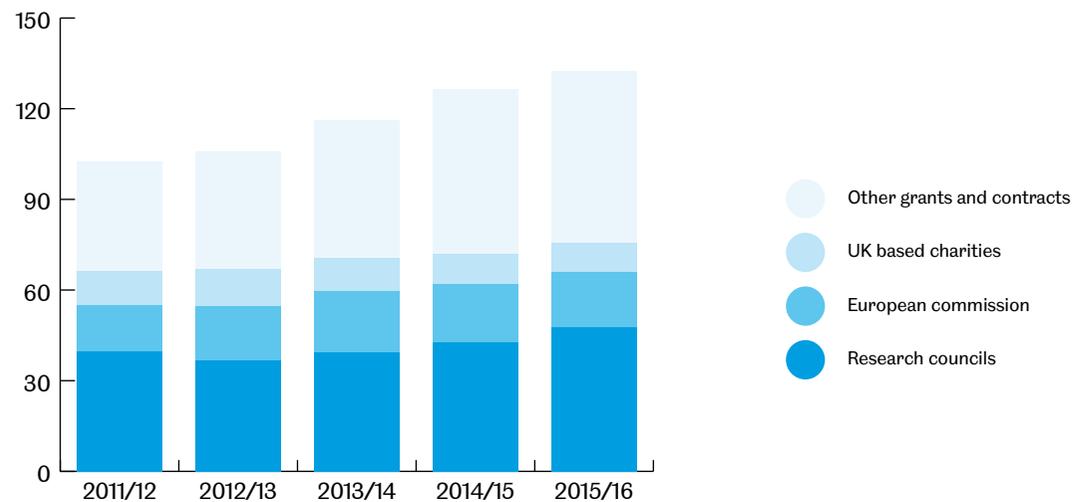
Fee income remains our dominant source of income, with our international market share remaining healthy.

However, our future international market share may be influenced by external factors, such as the vote to leave the European Union and restrictions on student visas.



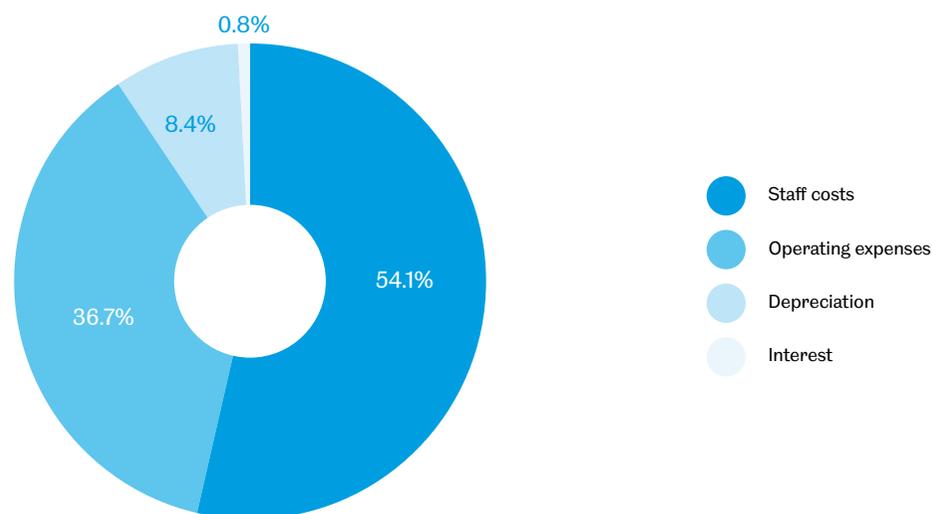
Research income (£m) excluding capital grants

Whilst research income has grown over recent years, the mix from sponsors has stayed fairly constant. UK based charity income is the exception having declined in both real terms and consequently as a proportion of total research income.



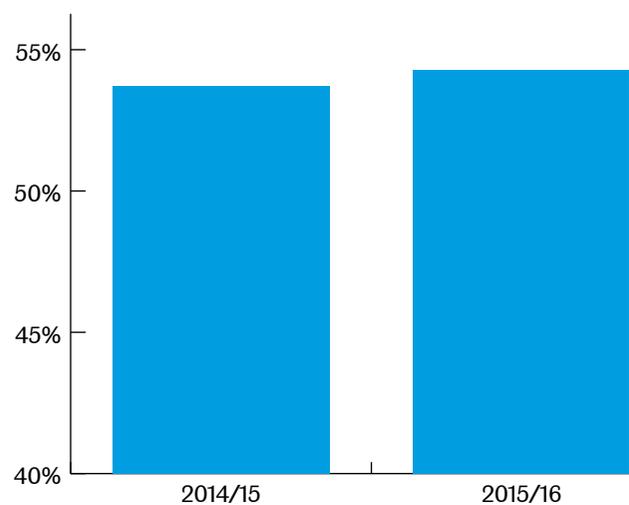
Total underlying expenditure

The main two underlying expenditure items are staff costs (54.1%) and operating expenses (36.7%). However, underlying depreciation is steadily increasing following the continued investment in our estate and also reflects our fixed asset values as part of our periodic revaluations.



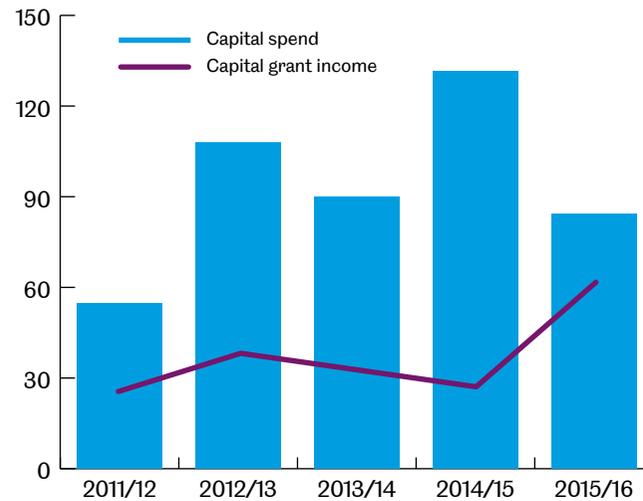
Staff costs as percentage of underlying income

Staff costs remain the University's main item of expenditure accounting for 54.8% of total underlying income (2014/15: 53.8%). Upward pressures continue to be exerted upon staff costs, such as in relation to pensions and National Insurance changes.



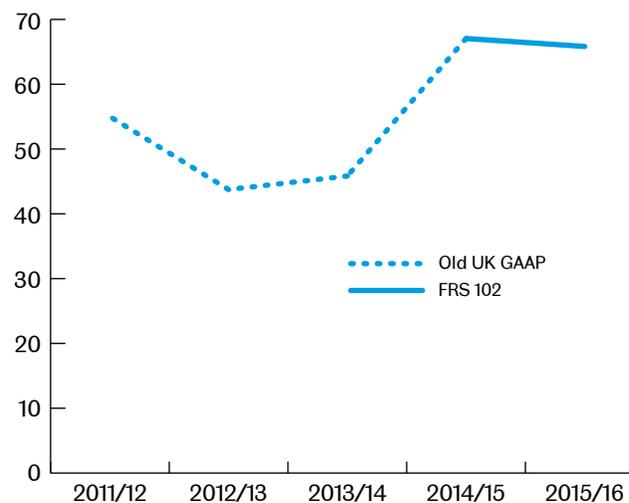
Capital spend (£m)

Capital investment during the year was £84.2m (2014/15: £131.6m). However, capital grants received during 2015–16 have increased by £34.4m to £63.1m, reducing the self-financed proportion of capital spend.



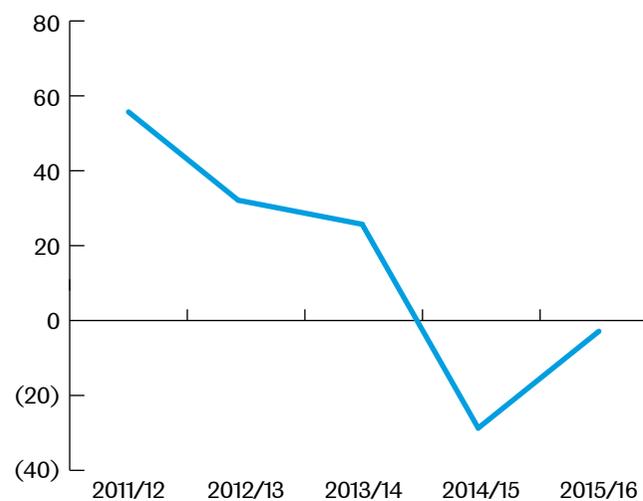
Net cash inflow from operating activities (£m)

We continue to generate healthy cash inflows from our operations, which allow us to invest in the key strategic objectives of the University.



Net funds/(debt) (cash less borrowings) (£m)

We remain in a net debt position, although this has improved in 2015–16 as cash generated from operations exceeded the spend on capital and interest costs.



Other activity

We have experienced several large items of other activities which distort our reported financial performance when compared to our underlying performance. During the year we have received capital grants of £63.1m (2014–15: £28.7m), which under FRS102 we report 'up-front' rather than spreading the grant income over the life of the associated asset, increasing our surplus in year. These capital grants are £25.9m from HEFCE, £36.2m from research related sources, and £1.0m from other sources.

We have undertaken a revaluation of our academic and administrative estate which has boosted our balance sheet by £78.3m. Under FRS102 this gain now goes through our income statement as well, increasing our reported surplus for the year.

Finally, the University of Sheffield Pension Scheme (USPS) has been valued at year end as having liabilities of £47.0m more, taking the total liability to be included in our accounts for this scheme to £125.1m. This increase in liability under FRS102 now goes through our income statement as a cost.

It should be noted that this is an accounting estimate at the year end and was adversely impacted by a fall in bond yields since the last year end, following the decision to leave the European Union, which will affect the majority of UK defined benefit schemes. This valuation has no impact on the level of future deficit payments which are determined by the triennial actuarial valuation, next to take place on 1 April 2017.

Balance sheet

We have a strong balance sheet with net assets of £820.3m. Fixed assets have increased as a consequence of capital investment of £84.2m, an upward revaluation of £78.3m, offset by depreciation charges of £75.3m. Our borrowings have decreased by £12.7m to £76.5m due to a combination of capital repayments of £2.7m and having no amounts drawn on the revolving credit facility at 31 July 2016 (31 July 2015: £10m drawn). Our pension liability provision has increased following the USPS scheme year end valuation as outlined earlier.

FRS102 has required the inclusion of our share of the Universities Superannuation Scheme (USS) deficit commitments on our Balance Sheet which is £69.3m (2014/15: £67.8m). FRS102 has also required us to include the Student Residences properties on our Balance Sheet as a Service Concession Arrangement with year end balances on fixed assets of £194.4m and creditors by £115.3m. Previously this arrangement was excluded from our Balance Sheet.

Conclusion

2015–16 has been another overall financially sound year. The outcome of the new accounting standards is that our financial results contain several large items that conceal the underlying operational performance. However, this underlying performance shows continued income growth and continued generation of strong cash surpluses to allow us to invest in our ambitions outlined in our Strategic Plan (2016–2021). However, we currently face sectoral, national and global challenges and uncertainties which make the continued delivery of a strong financial performance all the more necessary.

Finally I would like to join with the Vice-Chancellor in thanking our staff and students for their continued contributions to our University that enable us to continue to deliver upon our ambitions.

David Young CBE
Treasurer



A Truly European University

We have partnered with **550** organisations in **39** countries on EU Horizon 2020 projects.

We're ranked **23rd** in Europe and **11th** in the UK for the number of projects we've taken part in.*

*Source: EU Horizon 2020 monitoring report 2014.

Research and innovation

Stronger than ever

The University has once again strengthened its position as a world leader in research. Our new research awards are up by 10.1 per cent on 2014–15. Our income from commercialisation exceeded £2m for the first time. And we've met our targets for recruiting PhD students from around the world.

Making our IP work

The year's unprecedented rise in commercialisation income is partly due to an increase in licence revenue. Our new agreement with the IP Group (IPG) gives us the freedom to develop projects with other partners, which means we can be even more strategic in the way we use our assets to deliver social and economic benefits.

The spin-out Diurnal Group plc, which develops treatments for patients with hormone deficiencies, raised £30m on the London Stock Exchange's Alternative Investment Market (AIM) this year.



Recruiting the best PhDs

Through partnerships such as the White Rose Social Sciences Doctoral Training Programme, funded by the Economic and Social Research Council (ESRC), we have enhanced our ability to attract more of the brightest, most ambitious PhD students. This year, we achieved our aim to be in the upper quartile of the Russell Group for PhD numbers.

Tackling the big questions

Our Leverhulme Centre for Climate Change Mitigation (see inset), will bring together an international team of scientists and social scientists to find safe, affordable ways to remove CO₂ from the atmosphere.

Funded by the Medical Research Council (MRC), the Discovery Medicine North (DiMeN) Doctoral Training Programme is a partnership between four universities, led by Sheffield. DiMeN enables researchers to tackle major health problems by focusing on three complementary themes: ageing and disease, genetic influences on health, and bioinformatics and personalised medicine.

Driving economic growth

The European Regional Development Fund (ERDF) has pledged £4m for our Royce Translational Centre, reaffirming our reputation as a world leader in advanced manufacturing research. By helping companies adopt next-generation technology, the centre will bridge gaps in the UK supply chain and drive the economy forward.

Cultural impact

Research in the Faculty of Arts and Humanities continues to have a significant impact. The faculty received a number of prestigious fellowships this year, from the likes of the Leverhulme Trust, the European Commission (EC) and the Arts and Humanities Research Council (AHRC).

Dr Dominic McHugh, Department of Music, was recruited as an adviser to a production of *My Fair Lady* this year, after his discovery of lost songs from the musical. The production team used Dominic's book on the subject to help them reconstruct the original 1956 Broadway staging of the show.

Our new research awards for 2015–16 totalled £162.4m, the second-highest figure on record, in an increasingly constrained environment. Here are some of the highlights.

£10m Leverhulme Trust award for the Leverhulme Centre for Climate Change Mitigation Through Enhanced Weathering – Professor David Beerling, Department of Animal and Plant Sciences.

£5.6m The Engineering and Physical Sciences Research Council (EPSRC) Programme Grant in semiconductor quantum photonics for PI – Professor Maurice Skolnick, Department of Physics and Astronomy.

£3.9m EPSRC Grand Challenge Award for Tailored Water Solutions for Positive Impact – Professor Joby Boxall, Department of Civil and Structural Engineering.

£2.7m National Institute for Health Research (NIHR) Programme Grant to develop and trial dose for adjustment for normal eating in adults with type 1 diabetes – Professor Simon Heller, Department of Oncology and Metabolism.

£1m The Natural Environment Research Council (NERC) award for Improving Wellbeing Through Urban Nature: integrating green/blue infrastructure and health service valuation and delivery – Dr Anna Jorgensen, Department of Landscape.

Our education and student experience

Learning and teaching: the future

Following the arrival of Wyn Morgan, our new Pro-Vice-Chancellor for Learning and Teaching, staff and students have been consulted on priorities. On July 11 2016, Council approved our strategy for the next five years. The strategy will enable us to focus on excellence, whilst ensuring we can respond to the new Quality Assessment Framework for Higher Education and the Teaching Excellence Framework (TEF).

Developing digital

Digital technologies will be a major part of the new learning and teaching strategy. The strategy will build on our considerable success in blending face-to-face learning with online provision: over 400,000 people, in almost 200 countries, have enrolled on a TUOS online course.

Designing an interdisciplinary curriculum

Our Achieve More programme is embedded at Level 1. All first-year undergraduates (c.5,500) have now taken part, working in interdisciplinary teams to solve problems. Feedback from students is increasingly positive. We've piloted a second-year programme and we're developing models for final-year students.

Setting the standard for widening participation

Our Widening Participation Research and Evaluation Unit has been recognised by the Office For Fair Access (OFFA) as sector leading. Their work is generating valuable insight on issues such as student finance, the transition to HE, decision making, and the black and ethnic minority (BME) attainment gap.

We have also signed up to the Higher Education Access Tracker (HEAT), a not-for-profit digital service that helps members evaluate their outreach programmes and track the progress of WP students. Supported by colleagues in Student Services, HEAT will help us do more for our WP students, during their degree and beyond.

Providing alternative pathways

The number of students coming to an undergraduate degree via a foundation year has grown, thanks to the Department for Lifelong Learning (DLL). Over a third of students joining DLL foundation programmes in 2016 are from low participation neighbourhoods, with a similar proportion declaring disabilities.

Engineering apprenticeship pathways at the Advanced Manufacturing Research Centre (AMRC) continue to attract talented young people who might not otherwise have considered higher education. The joint institute with Nanjing Tech University will produce maths and science graduates who have been trained in the UK and China, forging important links between our countries.

Leading on employability and enterprise

The 2015 Student Barometer survey ranks us No 1 in the Russell Group for careers services. Our open online careers courses were shortlisted for a 2016 Guardian University Award in the Employability Initiative category. The courses reached 104,000 people, including over 1,000 Sheffield students.

The University is recognised as a national leader in enterprise education. This year, we were shortlisted for the Duke of York Award for University Entrepreneurship. University of Sheffield Enterprise (USE) supported the formation of 46 businesses in 2015-16, raising almost £2.5m in investment funding.



The £86m Diamond represents the largest capital investment we've ever made in learning and teaching



*Image courtesy of:
Twelve Architects
and Jack Hobhouse*



#WeAreInternational

90% student satisfaction

National Student Survey 2015



Delivering excellent services

We continued to deliver high levels of student satisfaction with 90 per cent of our students saying they were satisfied overall in the 2015 National Student Survey. Sheffield was also ranked No 1 in the Russell Group for student services, financial support, work experience, careers advice, employability, learning spaces, virtual learning and support overall in the 2015 Student Barometer Survey.

Renewing our commitment to global engagement

Directed by Jo Purves, our new Global Engagement team will coordinate international recruitment, global opportunities and exchanges and international partnerships. Working with the new White Rose Consortium Office in Brussels, Jo's team will also play a key role in maintaining – and strengthening – our relationships with EU institutions, including funding bodies.

Taking the initiative on international recruitment

In a challenging economic and political environment, we have achieved a three per cent increase in new students from outside the EU. A new EU recruitment project is also underway. First phase outcomes include an EU student ambassadors' network and the appointment of five new recruitment agents.

Students' Union

The Students' Union has been voted the best in the UK for the fifth year running in the National Student Survey 2016 and for the eighth year running in the Times Higher Education Student Experience Survey 2016. We now have a 99 per cent satisfaction rating with our members – the best in the UK.

An engaged student population

We're proud of our students and the role they play as active and engaged citizens. Our Students' Union voted to campaign for the UK to remain part of the European Union and provided guidance on how to register on the electoral roll. 76 per cent of our students were on the electoral roll in time for the referendum.

Students can have their voices heard in an effective Students' Union led representation system across the University. We coordinate over a thousand academic representatives, supporting and training them to make positive change through their roles.



Student numbers 2015–2016

Full-time students							
Faculty	Undergraduate			Postgraduate			Total
	Home/EC	Overseas	Sub total	Home/EC	Overseas	Sub total	
Faculty of Arts and Humanities	2,427	45	2,472	341	208	549	3,021
Faculty of Engineering	2,534	1,294	3,828	413	1,080	1,493	5,321
Faculty of Medicine, Dentistry and Health	1,817	136	1,953	412	268	680	2,633
Faculty of Science	3,558	399	3,956	583	225	808	4,764
Faculty of Social Sciences	4,246	1,219	5,464	864	1,946	2,810	8,274
Department for Lifelong Learning	60	-	60	-	-	-	60
Total	14,641	3,091	17,732	2,613	3,727	6,340	24,072

Part-time students							
Faculty	Undergraduate			Postgraduate			Total
	Home/EC	Overseas	Sub total	Home/EC	Overseas	Sub total	
Faculty of Arts and Humanities	37	2	39	226	19	245	284
Faculty of Engineering	42	35	77	65	48	113	190
Faculty of Medicine, Dentistry and Health	230	35	265	677	84	761	1,026
Faculty of Science	83	13	96	86	3	89	185
Faculty of Social Sciences	62	21	83	497	52	549	632
Department for Lifelong Learning	171	2	173	-	-	-	173
Total	625	107	732	1,551	206	1,757	2,489

Additional students	
Modern languages students abroad	143
Students on optional year outs	189
Erasmus and Year Abroad students	337
Total	669



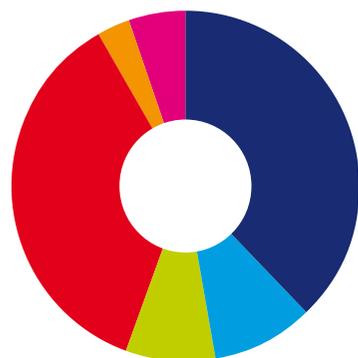
First degree award classifications

Faculty	1	2.1	2.2	3	Pass	Total
Faculty of Arts and Humanities	158	570	64	1	4	797
Faculty of Engineering	229	393	193	25	30	870
Faculty of Medicine, Dentistry and Health *MBChB & BDS do not follow the same class structure	41	77	28	2	*286	434
Faculty of Science	293	591	172	12	11	1,079
Faculty of Social Sciences	285	1,130	306	23	65	1,809
Board of Extra Faculty Provision	9	14	4	-	-	27
Total	1,015	2,775	767	63	396	5,016

Certificates and Diploma awards

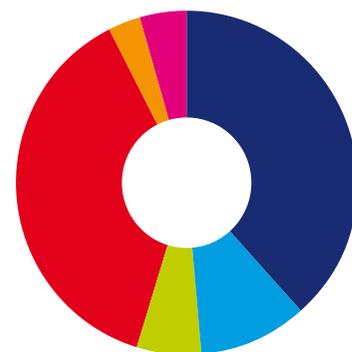
Faculty	Diploma	Cert	Total
Faculty of Medicine, Dentistry and Health	22	-	22
Board of Extra Faculty Provision	2	9	11
Grand total	24	9	33

Student population – applications



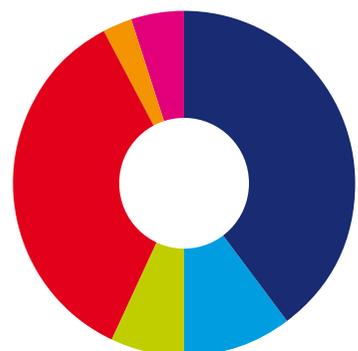
2012 entry

UG Home	25,737
UG Overseas	6,559
PGT Home	5,500
PGT Overseas	24,597
PGR Home	2,193
PGR Overseas	3,407
Total applications	67,993



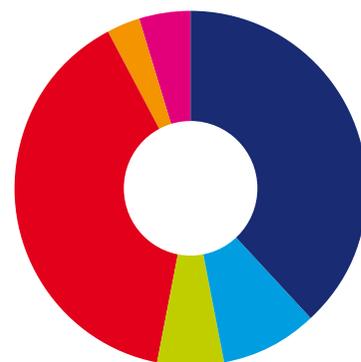
2014 entry

UG Home	30,710
UG Overseas	8,074
PGT Home	5,040
PGT Overseas	29,957
PGR Home	2,459
PGR Overseas	3,473
Total applications	79,713



2013 entry

UG Home	29,612
UG Overseas	7,514
PGT Home	5,147
PGT Overseas	26,329
PGR Home	1,962
PGR Overseas	3,617
Total applications	74,181

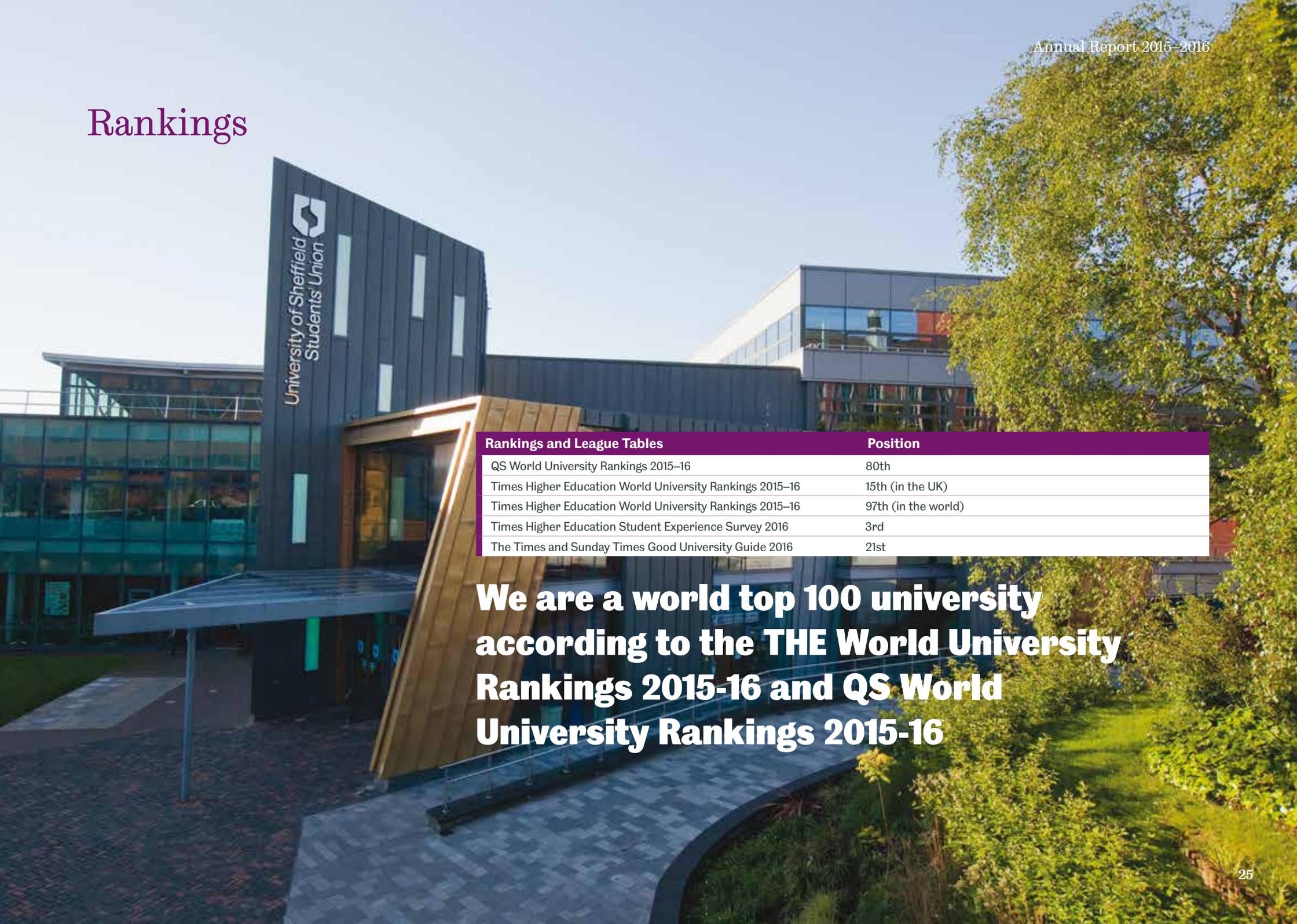


2015 entry

UG Home	30,237
UG Overseas	7,073
PGT Home	4,862
PGT Overseas	30,955
PGR Home	2,525
PGR Overseas	3,561
Total applications	79,213

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

Rankings

The background of the slide is a photograph of the University of Sheffield Students' Union building. The building is a modern structure with dark grey vertical panels and large glass windows. A prominent feature is a large, slanted wooden structure in the foreground. The sky is clear and blue, and there are green trees on the right side of the image.

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

We are a world top 100 university according to the THE World University Rankings 2015-16 and QS World University Rankings 2015-16

Sheffield is a civic university of the first rank. Our contribution to the region's economy, public services and culture challenges traditional ideas about what a university can be

The University and the Sheffield City Region

Powering industry

The Advanced Manufacturing Research Centre (AMRC) has cemented its position as an industry prime mover, at the heart of the region's Advanced Manufacturing Innovation District (see page 38). Since its inception, the AMRC has continued to grow at a rate of 12 per cent per year, with turnover reaching between £45m and £50m. It currently employs 560 staff.

The total number of AMRC apprentices has increased to 550, with 157 recruited for September 2016. The AMRC training centre has recruited 20 students to its new foundation degree and a further 25 to Higher National Certificates.

The Nuclear AMRC is playing a key role in a new generation of small modular reactors (SMRs), working in collaboration with reactor developers including Westinghouse, NuScale Power and Rolls-Royce to make sure their designs can be made in the UK.

Promoting culture

As part of the Sheffield Culture Consortium, chaired by Professor Vanessa Toulmin, we brought in £1.2m for 2016's Year of Making, a celebration of arts and making. This included £550,000 from the Arts Council for Making Ways, a three-year initiative, in partnership with industry, to support Sheffield artists.

Research commissioned by the University suggested that Sheffield can in fact claim to be the craft beer capital of the UK – and could compete for the world title. The report, by beer writer Pete Brown, recommended investment in a joint canning and bottling facility to help Sheffield's craft brewers find a wider audience.

Transforming public spaces

Powered by our world leading research in landscape architecture, Grey to Green is a project to create a 1.2km green corridor through part of the city centre. It's funded by the Sheffield City Region Investment Fund (SCRIF) and the European Regional Development Fund (ERDF).

Our role in the project is coordinated by the award-winning designer Professor Nigel Dunnett. Nigel has also helped transform Park Square roundabout into a wildflower meadow, and completed work on Love Square, a reconfigurable eco-garden in the West Bar area.

In partnership with the council, we started work on the first phase of our plan to make the campus greener, safer and more pleasant – for students and the public. The development will include pedestrian and cycle routes, better crossings, street furniture, planting and public art.



Changing lives

The University has worked closely with the NHS and stakeholders across the sector to secure £3.5m funding to address some of the most complex issues facing patients and the health service today. The Perfect Patient Pathway, as the Sheffield City Region Test Bed will be known, aims to bring substantial benefits for patients suffering from long-term health conditions.

Our outreach programme works with 150 local schools. Our volunteering programme, one of the biggest in the UK, and a model of best practice, helps more than 200 local charities and voluntary groups.



Love Square Eco-Garden

Strategy

The Strategic Plan 2016–2021 was approved by Council and published in December 2015.

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. In autumn 2016, Council will receive the first report on the new KPIs that set the baseline for the current plan.

We consider the measures that underpin our Strategic Plan and Financial Operating Strategy to carry out an assessment of institutional sustainability which is then reported to HEFCE.

Risk management strategy

The Risk Review Group oversees all strategic and operational levels of 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.

People strategy

We believe that diversity enhances our research, teaching and student experience. It also makes Sheffield a remarkable place to work. By placing diversity at the heart of our workforce strategy, we continue to attract talented people, and help them to become bold, imaginative leaders.

This year, we published *The Power of People: The University's People Strategy 2016–2021*. The plan sets out what the Deputy Vice-Chancellor's Strategy Delivery Group will do to ensure continued, sustainable growth.

Estates strategy

The opening of the Diamond in September 2015 was one of the highlights of a busy and productive year for the Department of Estates and Facilities Management. Successful completion of this development provided an additional 19,500 square feet of space which has transformed the delivery of teaching and learning.

Working with strategic partners continued to be a priority, with continuing development of the University's advanced manufacturing research capacity at the Advanced Manufacturing Park and Sheffield Business Park. A significant development completed during the year was Factory 2050, our £43 million fully reconfigurable digital factory for collaborative research.

Our new multi-storey car park at Durham Road also completed during the year and is already helping us achieve our aim of moving cars out to the periphery of the campus and keeping the centre as traffic-free as possible.



Philanthropic support

Huge increase in donations has widespread impact

The University has received a total of £6.3m through philanthropic contributions to research and other donations and endowments. That's an increase of 26 per cent on 2014–15. These gifts are making an impact across the University, powering important research and providing opportunities for hundreds of talented students.

Some of the year's most notable gifts include:

£10m Pledged by the Leverhulme Trust to establish the Leverhulme Centre for Climate Change Mitigation Through Enhanced Weathering.

£1m from the Wolfson Foundation to help our P3 Plant Production and Protection Centre.

£500,000 for scholarships from the estate of Professor John Roach, formerly of the School of Education.

£281,289 from Professor Neil Rackham for the Rackham Fellowship's work on group behaviour and learning.

£152,000 from the Denise Coates Foundation to fund 42 undergraduate scholarships.

£6.3m

philanthropic contributions to research and other donations and endowments

26% increase

on 2014–15

Pilot fundraising scheme exceeds expectations

Following a major review of our regular giving programme, we changed our approach to prioritise direct mail and predictive modelling over telephone fundraising. We piloted it in July 2016 with an undergraduate scholarships campaign that raised £65,467.

Twenty per cent increase in postgraduate scholarships

We repeated our campaign for postgraduate scholarships, raising over £180,000, an increase of twenty per cent on last year. The University matched every donation, funding 26 scholarships of £10,000.

Alumni volunteering soars

942 alumni gave their time to the University this year. They spent 16,419 hours mentoring students on career choices, widening participation (WP) activities, and sitting on industry advisory boards.

Our approach to fundraising

The University raises funds from alumni and non-alumni supporters. All fundraising is carried out directly by University professional staff without using external professional fundraisers or commercial participators. Some non-professional members of staff and grateful patients carry out community fundraising events.

The University monitors the work of its own professional fundraising staff and provides appropriate training. The University has not received any complaints about its fundraising. The University plans its solicitation carefully so as to ensure that there is no unreasonable intrusion on privacy, undue pressure to give money or unreasonably persistent approaches to obtain donations.

Our alumni

Special achievements

Air Chief Marshal Sir Stuart Peach

GBE, KCB, ADC, DL (BA Geography, Economic and Social History, 1977; Hon LittD, 2007) became the new head of the UK Armed Forces in 2016.

The Venerable Jan McFarlane

(BMedSci Speech Science, 1987) became the first female Bishop of Repton in 2016.

Professor Tomas Lindahl

(Hon DSc, 2011) was a joint recipient of the Nobel Prize for Chemistry 2015.

Dr Helen Sharman OBE

(BSc Chemistry, 1984) became President of the Institute of Science and Technology in 2015.

Jeremy Grantham CBE

(BSc Economics, 1961; Hon DSc, 2012) and his wife Hanne received the Carnegie Medal of Philanthropy 2015 for their support of organisations working to protect the environment.

Olympic medallists

Bryony Page

BSc Biology, 2015
Silver Medal – Trampoline
Olympic Games, Rio 2016



Bryony and Hollie were participants in the University's Elite Sports Performance Scheme which is part funded by the Alumni Fund and other donors. Jessica is a Patron of the scheme.

Hollie Webb

BA Economics, 2016
Gold Medal – Women's Hockey
Olympic Games, Rio 2016

Jessica Ennis-Hill CBE

BSc Psychology 2007, Hon LittD, 2010
Silver Medal – Heptathlon
Olympic Games, Rio 2016

Nick Beighton

BSc Environmental Science 2004
Bronze Medal – Men's Canoe KL2
Paralympics, Rio 2016

Case studies



A remarkable place to work

Sheffield is the only university to feature in the Sunday Times top 100 organisations to work for.

The University has been ranked 32nd in the Sunday Times Best 100 Not-For-Profit Organisations to Work For 2016. The ranking is based on an independent survey of colleagues across the University. The criteria include leadership, staff wellbeing, and opportunities for personal development.

We performed very well across the board, with a particularly high proportion of staff stating that they were proud to work here. To underline the achievement, our staff wellbeing programme – Juice – was singled out for a Wellbeing Special Award.

The rankings are held in high regard internationally. This recognition helps us to benchmark what we're doing – not just against other universities, but against non-profit organisations generally. It enhances our ability to attract the best staff and partners.

The Sunday Times ranking is just one highlight in a year of outstanding achievements. We won our first institutional silver Athena Swan award for our work on gender equality and we're now one of nine universities holding silver institutional awards. We retained our status as a Stonewall Top 100 employer. This year's staff survey shows that 94 per cent of respondents are proud to work at the University.

In partnership with patients and carers

Advisory group puts researchers in touch with the people whose lives they hope to change.

Researchers at the Sheffield Institute for Translational Neuroscience (SITraN) have helped to establish the Sheffield Motor Neurone Disease Research Advisory Group (SMND RAG), which makes patients and carers an integral part of the research process.

Coordinated by Hannah Hollinger, a specialist nurse, the group includes patients, their carers and others affected by motor neurone disease (MND). Their close involvement enhances the quality of our research and our ability to win funding.

Making patients and carers partners means we can include their perspectives in research proposals. Their input helps us to communicate our findings more clearly, building public trust and making more research possible. Their personal experience gives us an extra dimension of insight that can't be attained via more traditional methods.

SITraN is one of the world's leading centres for research into MND, Alzheimer's and Parkinson's disease. From basic neuroscience research to new therapies and clinical trials, SITraN's effectiveness is rooted in its coordinated approach.

By bringing together experts from multiple disciplines, SITraN can work on every aspect of a problem at once. Partnering with patients and carers makes it even stronger: a multidisciplinary centre in constant dialogue with the people it wants to help.





Graduates' cafe co-op exemplifies University values

Everything comes together at Foodhall

Graduates' cafe co-op exemplifies University values.

The University takes its social responsibility seriously. We are committed to making the world a better place. Not just when it's convenient for us to do so, but all the time.

This approach is embedded in everything we do, from our research and teaching to our strategic partnerships with local and global organisations. We teach the value of civic responsibility. We encourage social entrepreneurship. And we provide support for those who want to make a difference.

When all those efforts combine to benefit a community, the difference they make can be profound. This is what happens every Thursday–Saturday when graduates Louis Pohl (architecture) and Jamie Wilde (town planning) lift the shutters at Foodhall, the non-profit cafe that changes the way we see the city, and each other.

Run by volunteers who prepare and serve food, paid for on a pay-as-you-feel basis, Foodhall is a force for good. A city centre cafe that brings together people from different backgrounds, including students, the elderly, and the homeless. It is about feeding people. But it is also about reducing food waste and helping those who feel isolated.

Louis and Jamie were inspired by academic research into the social benefits of communal eating. They were supported by the ReNew initiative, a partnership between Sheffield's two universities, the council and others that helps people turn out-of-use city centre shops into vibrant enterprises.

In a virtuous circle, Foodhall contributes to and benefits from the curriculum that inspired it, with architecture students working on the cafe's branding as a live project in the department. Louis and Jamie are also working with the Union of Students, using what they've learned to develop a wellbeing cafe on campus.

Standing up for refugees

Six talented students found sanctuary in Sheffield this year thanks to the University's Refugee Scholarship Scheme. They came from countries including Syria, Sri Lanka and Iran. The English Language Teaching Centre (ELTC) is helping the students with the transition to British academic life.

In partnership with the Council for At Risk Academics (CARA) we are helping refugee academics who are in danger or exile to continue their careers in safety. Staff, students and the public raised over £50,000 for refugee academics and students through a sponsored Sheffield walk and a week-long coast to coast hike.

A new era

Our unique relationship with China promotes economic growth and deeper understanding.

A gateway for UK–China trade

In July 2016, Vice-Chancellor Professor Sir Keith Burnett announced plans for a business gateway that will make Sheffield the natural partner for Chinese businesses looking to invest in the north of England.

The gateway project is a partnership between The University, The Sheffield Chamber of Commerce, Sheffield University Confucius Institute and others. Its aims are to encourage inward investment, create jobs, and promote growth, with an initial focus on industry and healthcare.

Research and teaching partnerships

Our research partnerships with institutions such as Nanjing Technical University (NJTech) and Tongji University are mutually beneficial. Together, we're tackling the big global questions: climate change, sustainable agriculture, urban development and caring for our ageing populations.

This year also saw the launch of the Joint Institute of Nanjing Technical University and the University of Sheffield. The institute will deliver undergraduate courses in chemistry, financial mathematics and materials physics, with teaching split between the two campuses. Graduates will be exceptionally well-equipped for international careers.

Global humanities: promoting understanding

These business and research partnerships are key to the future prosperity of both countries. Just as important, though, are the opportunities they present for shared understanding between the two cultures. By promoting arts and humanities that reflect on our new relationship, we aim to take full advantage of those opportunities.

The Sheffield Confucius Institute, with the School of Oriental and African Studies at the University of London, launched a major national competition this year, inviting playwrights to submit proposals for new Chinese or China-themed plays performed in English, or existing plays to be performed in Chinese. The winner will see their play performed in either Beijing, Nanjing or Shanghai.

The Sheffield Confucius Institute was named Confucius Institute of the Year 2016 for its commitment to promoting Chinese language and culture. They run activities and classes for University staff, students and the wider public, as well as Chinese language classes for businesses who are members of the Sheffield Chamber of Commerce.

教育科研合作签字仪式

emony for UK-China Collaboration on
Education and Research

**Our unique relationship with China
promotes economic growth and deeper
understanding**



Innovation District on course to deliver

In December 2015, the Advanced Manufacturing Research Centre (AMRC) took official possession of Factory 2050 and began to install the technology that will put Sheffield's Advanced Manufacturing Innovation District right at the heart of the Northern Powerhouse.

The factory, which aims to be the most advanced in the world, will drive productivity and create jobs. It will give businesses of all sizes access to cutting-edge manufacturing and assembly technologies, advanced robotics, flexible automation and next-generation man-machine interfaces – all supported by world-class research.

The Advanced Manufacturing Innovation District is being created with our regional partners, and will be a hub for the kind of radical innovation that even the biggest companies can't achieve in isolation. It builds on our unique regional strengths arising from the co-location of world class engineering research and globally relevant innovation assets, and will create an environment where multinationals and SMEs can work alongside world-leading researchers.

In scope and ambition, the Innovation District is a huge, complex venture that delivers on our commitments. We believe universities have a crucial role to play in helping government to address national priorities such as productivity. In taking such a proactive approach, engaging with business and the region on a deep level, we are leading the way.



Medical innovation

The Medical AMRC combines new technologies with access to world-class medical research and clinical expertise. The team includes software engineers, product designers and materials scientists. They're working with manufacturers to push the boundaries of what is possible in medical technology.

Supported by the HEFCE Catalyst Fund, the centre's initial projects include new materials for orthopaedic devices and mobility aids for disabled people. The Medical AMRC's facilities are part-funded by the European Regional Development Fund.

A way forward for Greece

Sheffield academic leads Greek government's plan to tackle undeclared economy.

In April 2016, Professor Colin Williams, Chair of Public Policy at Sheffield University Management School, travelled to Greece to lead a team of international experts. Their mission: to produce an action plan for dealing with the undeclared economy.

Professor Williams's expertise in this area is well established. Key to his success is his use of institutional theory to explain the undeclared economy. Institutional failings, he argues, produce a misalignment between the regulations on undeclared work and people's beliefs. To tackle the issue, you must tackle the failings.

A lot depends on the professor and his team. The action plan is one of five conditions the Greek government must meet in order to receive debt relief from the European Commission. As well as influencing future policy, their work will put Greece on course to receiving the bailout money it needs to move forward.



*Professor
Colin Williams*



A whole new world of opportunities

Overseas work placements are broadening our students' horizons and enhancing their employability.

As an international university with an international outlook, we offer our students as many opportunities as possible to learn languages, to travel, and to experience other cultures. The number of Sheffield students taking advantage of those opportunities is on the rise.



Lauren Howe

Lauren Howe took a summer placement with Philips on their High Tech Campus at Eindhoven in the Netherlands, where she worked alongside professionals and other interns from all over the world on a project that enhanced her skills:

“At the start I had a conference call with the project leader in America and took a brief from them. It was interesting to see how projects were carried out with areas being covered in different countries. Also (I) learnt to explain my ideas and outcomes more clearly for others to have a better understanding, especially in a multinational work environment.”

As well as building her confidence, the experience gave Lauren a clearer idea of what she wants to do: “...the practical side, more towards (the) product development and manufacturing end of things. I could easily see myself working at the High Tech Campus and have gained some valuable contacts within the industry from the placement.”

Jennifer Schofield went to Thailand where she helped teach English as a second language in different types of schools:

“Firstly, I worked in a kindergarten for a week, playing games with the young children. The children only knew very basic English so I taught them colours, numbers and other simple elements...”

“The following week I stayed at Pasang College, working with adult students. I was able to focus on more complex English such as making conversation, which is useful to the students in real life.”

The Student Barometer 2015 Survey ranks us number 1 in the Russell Group for a range of student services, including the careers support that makes many of these placements possible. 83 per cent of our 2015 graduates had secured graduate-level employment or further study within six months of graduation.

Overseas work placements illustrate the link between our values, the support services we provide, and enhanced employability. For Lauren and Jennifer, and for many others, an international career is now a very real possibility, something they have the confidence and the experience to pursue.



Jennifer Schofield

Overseas work placements are broadening our students' horizons and enhancing their employability



Our University at a glance

Officers of the University Session 2015–16

The Chancellor

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

The Pro-Chancellors

Mr A P Pedder OBE (Chair of Council)

Mrs S H Harkness

The Treasurer

Mr D E Young CBE

The Vice-Chancellor

Professor Sir Keith Burnett CBE, FRS

The Deputy Vice-Chancellor

Professor S West

The Cross Cutting Pro-Vice-Chancellors

Research and Innovation: Professor R A L Jones

Learning and Teaching: Professor A M Peat (until August 2015)

Learning and Teaching: Professor W Morgan (from September 2015)

The Faculty Pro-Vice-Chancellors

Arts and Humanities: Professor J Labbe

Engineering: Professor M J Hounslow

Medicine, Dentistry and Health: Professor A P Weetman (until December 2015)

Medicine, Dentistry and Health: Professor Dame Pamela J Shaw DBE (from January 2016)

Science: Professor A J Ryan OBE (until May 2016)

Science: Professor N Clarke (from June 2016)

Social Sciences: Professor G Valentine

University Secretary

Dr A West

The Council of the University Session 2015–16

Ex-officio members

The Pro-Chancellors

The Treasurer

The Vice-Chancellor

The Deputy Vice-Chancellor

Persons appointed by the Council

Mr D J Bagley (from October 2015)

Mr A Belton

Professor D van den Boom (until February 2016)

Dr S F Eden

Mr J G Kelly

Ms A M Legg

Mr R Mayson

One Faculty Pro-Vice-Chancellor appointed annually by the Vice-Chancellor

Professor J Labbe

Three members of the Senate elected by the Senate

Professor N Phillips

Mr R Sykes

Professor M T Vincent

The President of the Students' Union

Mr C McMorrow

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

Miss G Hague

Secretary to the Council

Dr A West

Faculties and Departments

Arts and Humanities

Archaeology, English, French, Germanic Studies, Hispanic Studies, History, Languages and Cultures, Music, Philosophy, Religion, Theology and the Bible, Russian and Slavonic Studies.

Engineering

Aerospace Engineering, Automatic Control and Systems Engineering, Bioengineering, Chemical and Biological Engineering, Civil and Structural Engineering, Computer Science, Electronic and Electrical Engineering, Materials Science and Engineering, Mechanical Engineering.

Medicine, Dentistry and Health

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

Science

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

Social Sciences

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

International Faculty – City College, Thessaloniki

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

Department for Lifelong Learning

Financial Statements 2015–2016.



Corporate governance

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

The Senate

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

The Council

The University's Council is the governing body of the University and its board of Trustees, responsible for the strategic development and overall achievement of the University's mission. Subject to the powers of the Senate, it has ultimate responsibility for all areas of operation. The Council's membership is set out in full on page 42 and comprises lay and academic persons, including student representatives, appointed under the Statutes of the University, the majority of whom are non-executive. The role of the Chair of the Council is separate from that of the University's Chief Executive, the Vice-Chancellor. The performance of the Vice-Chancellor is monitored through the

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

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

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

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

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

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

Full Statement of internal control

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

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

2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
3. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31st July 2016 and up to the date of approval of the annual report and financial statements and accords with HEFCE guidance. The process is regularly reviewed by the Council and accords with the relevant Financial Reporting Council guidance. The University has formally applied the CUC (Committee of University Chairs) Higher Education Code of Governance which is principally committed to identifying the key values and practices on which the effective governance of UK HEI is based. The University manages risks through a Corporate Risk Register, which is reviewed regularly throughout the year and is considered by Council and Audit Committee. There are also Faculty and Professional Services Risk Registers, and Departmental Risk Registers for both academic and professional service departments. The Risk Review Group (a sub-group of the University Executive Board) oversees these different levels of risk. The University's risk management policy is reviewed annually by the Risk Review Group and by Council.

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

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

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

We have audited the group and University financial statements of The University of Sheffield for the year ended 31 July 2016 set out on page 50 onwards. 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 49 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 2016, 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 2015-16 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 2015-16 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

29 November 2016

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

Statement of principal accounting policies

1. Basis of preparation

These financial statements have been prepared in accordance with the 2015 Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 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 derivative financial instruments.

2. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2016. 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). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The 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 and therefore, as required by section 28 of FRS102 "Employee benefits", accounts for the scheme as if it were a 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 the scheme 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 the resulting expense in the Statement of Comprehensive Income and Expenditure.

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.

Each fund is valued every three years by professionally qualified independent actuaries.

A small number of staff remain in other pension schemes.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan 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 plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, 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 Group should recognise a liability for its obligations under defined benefit plans 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 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.

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.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant Influence or joint control, the relevant proportion of the cumulative amount is recycled to the Statement of Comprehensive Income and Expenditure.

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 halls of residence and other residential properties was carried out on 31 July 2015 by Saxton Mee Commercial.

A full valuation of academic, office, ancillary and support buildings was carried out on 31st July 2016 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 or reviewed annually according to market conditions as at 31 July each year.

13. Investments

Non-current asset investments are held on the Balance Sheet at amortised cost less impairment.

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

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:

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

The amount recognised as a provision is 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.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they

crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

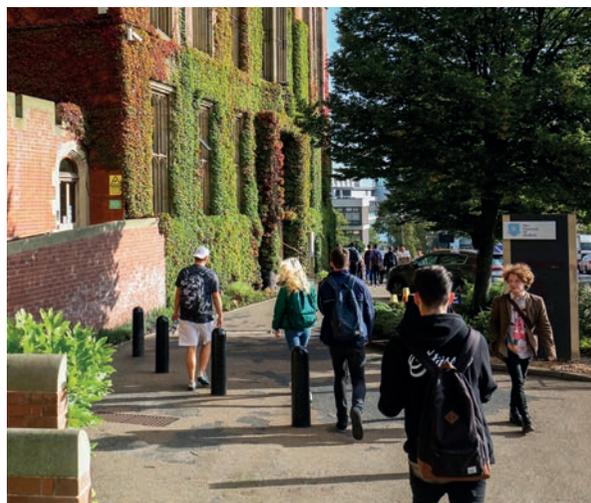
19. Reserves

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. Transition to 2015 SORP

The University is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to the 2015 SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 35.



Consolidated Statement of Comprehensive Income and Expenditure

Year ended 31 July 2016					
	Notes	Year ended 31 July 2016		Year ended 31 July 2015	
		Consolidated £m	University £m	Consolidated £m	University £m
Income					
Tuition fees and education contracts	1	273.9	273.9	253.3	253.3
Funding body grants	2	101.1	101.1	85.0	85.0
Research grants and contracts	3	168.5	168.5	163.0	163.0
Other income	4	86.3	78.4	82.5	74.2
Investment income	5	1.7	1.8	2.2	1.9
Donations and endowments	6	4.2	4.2	3.7	3.7
Total income		635.7	627.9	589.7	581.1
Expenditure					
Staff costs	7	311.8	307.5	327.6	322.0
Other operating expenses	9	191.9	192.4	189.2	185.9
Depreciation	12	75.3	75.1	65.6	64.3
Interest and other finance costs	8	17.9	17.9	17.1	17.1
Total expenditure	9	596.9	592.9	599.5	589.3
Surplus/(deficit) before other gains losses and share of operating surplus/(deficit) of joint ventures and associates.		38.8	35.0	(9.8)	(8.2)
Gain on disposal of fixed assets		–	–	–	0.3
(Loss)/Gain on investments	14/23	(2.5)	(3.5)	2.4	2.4
Share of operating deficit in joint venture	17	(0.4)	–	–	–
Share of operating surplus/(deficit) in associate	18	–	–	–	–
Gift Aid		–	1.2	–	–
Dividends received		–	1.0	–	–
Surplus/(Deficit) before tax		35.9	33.7	(7.4)	(5.5)
Taxation	10	(0.4)	(0.1)	(3.1)	(3.1)
Surplus/(Deficit) for the year		35.5	33.6	(10.5)	(8.6)

Year ended 31 July 2016 (continued)					
	Notes	Year ended 31 July 2016		Year ended 31 July 2015	
		Consolidated £m	University £m	Consolidated £m	University £m
Unrealised surplus on revaluation of land and buildings	12	78.3	78.3	8.1	7.9
Actuarial loss in respect of pension schemes	35	(47.0)	(47.0)	(11.7)	(11.7)
Total comprehensive income for the year		66.8	64.9	(14.1)	(12.4)
Represented by:					
Endowment comprehensive income for the year		0.6	0.6	1.2	1.2
Restricted comprehensive income for the year		0.2	0.2	0.2	0.2
Unrestricted comprehensive income for the year		79.2	77.5	(1.2)	0.2
Revaluation reserve comprehensive income for the year		(13.4)	(13.4)	(14.2)	(14.0)
Attributable to the University		66.7	64.9	(14.0)	(12.4)
Attributable to the non-controlling interest		0.1	–	–	–
		66.8	64.9	(14.0)	(12.4)
Surplus/(Deficit) for the year attributable to:					
Non controlling interest		0.1	–	–	–
University		35.4	33.6	(10.4)	(8.6)

All items of income and expenditure relate to continuing activities. Analysis of the income and expenditure can be found within the Report of the Treasurer (page 6)

Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2016							
	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 2014	37.8	1.5	335.5	392.4	767.2	0.1	767.3
Surplus/(deficit) from the income and expenditure statement	1.2	0.9	(12.6)	–	(10.5)	–	(10.5)
Other comprehensive (expenditure)/income	–	–	(11.7)	8.1	(3.6)	–	(3.6)
Transfers between revaluation and income and expenditure reserve	–	–	14.3	(14.3)	–	–	–
Release of restricted funds spent in year	–	(0.7)	0.7	–	–	–	–
Total comprehensive income for the year	1.2	0.2	(9.3)	(6.2)	(14.1)	–	(14.1)
Balance at 1 August 2015	39.0	1.7	326.2	386.2	753.1	0.1	753.2
Surplus from the income and expenditure statement	0.7	2.0	32.8	0.2	35.7	0.1	35.8
Other comprehensive (expenditure)/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 31 July 2016	39.7	1.9	327.2	451.3	820.1	0.2	820.3
University							
Balance at 1 August 2014	37.8	1.5	336.1	391.0	766.4	–	766.4
Surplus/(deficit) from the income and expenditure statement	1.2	0.9	(10.7)	–	(8.6)	–	(8.6)
Other comprehensive (expenditure)/income	–	–	(11.7)	7.9	(3.8)	–	(3.8)
Transfers between revaluation and income and expenditure reserve	–	–	14.0	(14.0)	–	–	–
Release of restricted funds spent in year	–	(0.7)	0.7	–	–	–	–
Total comprehensive income for the year	1.2	0.2	(7.7)	(6.1)	(12.4)	–	(12.4)
Balance at 1 August 2015	39.0	1.7	328.4	384.9	754.0	–	754.0
Surplus from the income and expenditure statement	0.7	2.0	31.0	0.2	33.9	–	33.9
Other comprehensive (expenditure)/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	(0.8)	65.1	65.2	–	65.2
Balance at 31 July 2016	39.7	1.9	327.6	450.0	819.2	–	819.2

Consolidated and University Balance Sheet as at 31 July 2016

	Notes	As at 31 July 2016		As at 31 July 2015	
		Consolidated £m	University £m	Consolidated £m	University £m
Non-current assets					
Intangible assets	11	0.5	0.4	–	–
Fixed assets	12	1,175.9	1,173.9	1,088.4	1,086.6
Investments	14	14.0	51.7	16.7	55.9
Investment in joint venture	15	–	–	–	–
Investments in associate	16	–	–	–	–
Debtors and prepayments due in more than one year	17	–	38.8	–	43.8
		1,190.4	1,264.8	1,105.1	1,186.3
Current assets					
Stock		0.9	0.4	1.0	0.4
Trade and other receivables	18	87.4	85.9	101.4	97.3
Investments	19	34.6	34.6	34.4	34.4
Cash and cash equivalents	25	72.9	65.8	60.7	57.1
		195.8	186.7	197.5	189.2
Less: Creditors: amounts falling					
due within one year	20	(183.6)	(183.5)	(200.7)	(202.3)
Share of net liabilities in associate	15	(0.3)	–	–	–
Net current assets/(liabilities)		11.9	3.2	(3.2)	(13.1)
Total assets less current liabilities		1,202.3	1,268.0	1,102.0	1,173.3
Creditors: amounts falling due after more than one year	21	(186.7)	(253.7)	(202.4)	(273.0)
Provisions					
Pension provisions	22	(194.4)	(194.4)	(145.2)	(145.2)
Other provisions	22	(0.9)	(0.7)	(1.2)	(1.0)
Total net assets		820.3	819.2	753.2	754.0

	Notes	As at 31 July 2016		As at 31 July 2015	
		Consolidated £m	University £m	Consolidated £m	University £m
Restricted Reserves					
Income and expenditure reserve - endowment reserve	23	39.7	39.7	39.0	39.0
Income and expenditure reserve - restricted reserve	24	1.9	1.9	1.7	1.7
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		327.2	327.6	326.2	328.4
Revaluation reserve		451.3	450.0	386.2	384.9
		820.1	819.2	753.1	754.0
Non-controlling interest		0.2	–	0.1	–
Total Reserves		820.3	819.2	753.2	754.0

The financial statements on pages 50 to 76 were approved by the Council on 28 November 2016 and were signed on its behalf by:

Mr. D. E. Young CBE, Treasurer

Professor Sir K. Burnett FRS, Vice Chancellor

Mr. R. Rabone, Chief Financial Officer

The University of Sheffield

Consolidated and University Cash Flow

Year ended 31 July 2016					
	Notes	Year ended 31 July 2016		Year ended 31 July 2015	
		Consolidated £m	University £m	Consolidated £m	University £m
Cash flow from operating activities					
Surplus/(deficit) for the year		35.5	33.6	(10.5)	(8.6)
Adjustment for non-cash items					
Depreciation	12	75.3	75.1	65.6	64.3
Amortisation of intangibles	11	–	–	–	–
Loss/(gain) on investments	14, 25	2.5	3.5	(1.7)	(2.4)
Decrease/(increase) in stock		0.1	–	(0.2)	–
Decrease/(increase) in debtors	18	14.0	16.3	(30.7)	(68.7)
(Decrease)/increase in creditors	20	(17.5)	(19.3)	23.7	24.7
Increase in pension provision	22	2.1	2.1	34.6	34.6
(Decrease)/increase in other provisions	22	(0.2)	(0.2)	0.4	0.4
Receipt of donated equipment		–	–	–	–
Share of operating deficit in joint venture	15	0.4	–	–	–
Share of operating (surplus)/deficit in associate		–	–	–	–
Adjustment for investing or financing activities					
Investment income	5	(1.7)	(1.8)	(2.1)	(1.9)
Interest payable	8	17.9	17.9	17.1	17.1
Endowment income		(0.1)	(0.1)	(0.3)	(0.3)
Profit on the sale of fixed assets		–	–	–	–
Capital grant income		(63.1)	(63.1)	(28.7)	(28.7)
Net cash inflow from operating activities		65.2	64.0	67.2	30.5

Year ended 31 July 2016 (continued)					
	Notes	Year ended 31 July 2016		Year ended 31 July 2015	
		Consolidated £m	University £m	Consolidated £m	University £m
Proceeds from sales of fixed assets		–	–	–	0.4
Proceeds from sales of intangible assets		–	–	–	–
Capital grants receipts		63.1	63.1	28.7	28.7
Disposal of non-current asset investments		0.4	0.5	0.1	0.3
Investment income	5	1.7	1.8	2.1	1.9
Payments made to acquire fixed assets		(84.2)	(83.8)	(131.6)	(131.5)
Payments made to acquire intangible assets		(0.5)	(0.4)	–	–
New non-current asset investments		(0.5)	–	–	(32.4)
New deposits		0.1	–	(0.3)	(0.3)
		(19.9)	(18.8)	(101.0)	(132.9)
Cash flows from financing activities					
Interest paid	8	(9.2)	(9.2)	(8.4)	(8.4)
Interest element of finance lease and service concession payments	8	(8.7)	(8.7)	(8.7)	(8.7)
Endowment cash received		0.1	0.1	0.3	0.3
New lease - Asset backed funding of USPS		–	–	–	74.2
New unsecured loans		–	–	10.0	10.0
Repayments of amounts borrowed		(12.7)	(12.6)	(2.7)	(2.7)
Capital element of finance lease and service concession payments		(2.6)	(6.1)	(2.5)	(2.5)
		(33.1)	(36.5)	(12.0)	62.2
Increase/(decrease) in cash and cash equivalents in the year		12.2	8.7	(40.8)	(40.2)
Cash and cash equivalents at beginning of the year	25	60.7	57.1	106.5	97.3
Cash and cash equivalents at end of the year	25	72.9	65.8	60.7	57.1

Notes to the accounts

Note 1 Tuition fees and education contracts

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Full-time home and EU undergraduate students	124.9	124.9	109.6	109.6
Full-time home and EU postgraduate students	6.4	6.4	6.4	6.4
International students	112.4	112.4	105.9	105.9
Home and EU part-time students	3.4	3.4	3.1	3.1
NHS education contracts	6.3	6.3	6.8	6.8
Research Training Support Grant and other contracts	20.5	20.5	21.5	21.5
	273.9	273.9	253.3	253.3

Note 2 Funding body grants

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Recurrent grant				
Higher Education Funding Council	67.9	67.9	75.1	75.1
Capital grant	25.9	25.9	3.3	3.3
Specific grants				
Higher Education Innovation Fund	3.3	3.3	3.2	3.2
Other specific grants	4.0	4.0	3.4	3.4
	101.1	101.1	85.0	85.0

Note 3 Research grants and contracts

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Research councils	55.4	55.4	49.7	49.7
UK-based charities	10.7	10.7	10.4	10.4
European Commission	28.9	28.9	21.2	21.2
Other grants and contracts	73.5	73.5	81.7	81.7
	168.5	168.5	163.0	163.0

Note 4 Other income

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Residences, catering and conferences	36.2	33.6	35.5	33.9
Other services rendered	19.5	19.5	17.4	17.4
Health Authorities	8.0	8.0	7.3	7.3
Capital grants	1.0	1.0	3.1	3.1
Other income	21.6	16.3	19.2	12.5
	86.3	78.4	82.5	74.2

Note 5 Investment income

	Notes	Year ended 31 July 2016		Year ended 31 July 2015	
		Consolidated £m	University £m	Consolidated £m	University £m
Investment income on endowments	23	1.2	1.2	1.2	1.2
Investment income on restricted reserves	24	–	–	–	–
Other investment income		0.5	0.6	1.0	0.7
		1.7	1.8	2.2	1.9

Notes to the accounts

Note 6 Donations and endowments

	Notes	Year ended 31 July 2016		Year ended 31 July 2015	
		Consolidated £m	University £m	Consolidated £m	University £m
New endowments	23	0.6	0.6	0.2	0.2
Donations with restrictions		0.9	0.9	0.7	0.7
Unrestricted donations		2.7	2.7	2.8	2.8
		4.2	4.2	3.7	3.7

Note 7 Staff

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Staff Costs :				
Salaries	240.2	235.9	227.5	221.9
Social security costs	20.6	20.6	18.3	18.3
Movement on USS provision	(0.2)	(0.2)	36.6	36.6
Other pension costs	51.2	51.2	45.2	45.2
Total	311.8	307.5	327.6	322.0

Note 7 Staff (continued)

	Year ended 31 July 2016	Year ended 31 July 2015
Emoluments of the Vice-Chancellor:	£	£
Salary	385,053	381,240
Bonus	33,296	–
Benefits	4,357	4,145
Pension contributions to USS	–	–
	422,706	385,385

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

Note 7 Staff (continued)

	Year ended 31 July 2016	Year ended 31 July 2015
	Number	Number
£100,000 to £109,999	18	25
£110,000 to £119,999	19	17
£120,000 to £129,999	8	15
£130,000 to £139,999	20	9
£140,000 to £149,999	7	8
£150,000 to £159,999	8	7
£160,000 to £169,000	8	7
£170,000 to £179,000	1	7
£180,000 to £189,000	7	3
£190,000 to £199,000	2	1
£200,000 to £209,000	–	–
£210,000 to £219,000	–	–
£220,000 to £229,000	1	1
£230,000 to £239,000	–	–
£240,000 to £249,000	–	–
£250,000 to £259,000	–	–
£260,000 to £269,000	–	1
	99	101

	Full time equivalents	Full time equivalents
Staff numbers		
Academic	2,499	2,475
Academic services	744	682
Central administration and services	643	610
Premises	439	443
Research grants and contracts	1,707	1,579
Residences, catering and conferences	226	181
Staff and student facilities	166	159
	6,424	6,129

Notes to the accounts

Note 7 Staff (continued)			
	Year ended 31 July 2016		Year ended 31 July 2015
	£m		£m
Compensation for loss of office payable to a senior post-holder:			
Compensation payable recorded within staff costs	–		–

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 Vice Chancellor's executive group and is comprised of: the Vice Chancellor, the Deputy Vice Chancellor, 5 Faculty Pro-Vice Chancellors, Pro-Vice Chancellor Research and Innovation, Pro-Vice Chancellor Learning and Teaching, Chief Financial Officer and Chief Human Resources and Corporate Officer.

	Year ended 31 July 2016		Year ended 31 July 2015
	£m		£m
Key management personnel compensation	2.4		2.3

Council Members

No council member has received any remuneration or waived payments from the group during the year (2015 - none). Expenses paid to Council members are disclosed in note 9.

Note 8 Interest and other finance costs					
		Year ended 31 July 2016		Year ended 31 July 2015	
	Notes	Consolidated £m	University £m	Consolidated £m	University £m
Loan interest		4.7	4.7	5.0	5.0
Finance lease interest (including service concession finance charge)	14	8.7	8.7	8.7	8.7
Net charge on pension scheme	34	4.5	4.5	3.4	3.4
		17.9	17.9	17.1	17.1

Note 9 Analysis of total expenditure					
	Year ended 31 July 2016		Year ended 31 July 2015		
	Consolidated £m	University £m	Consolidated £m	University £m	
Analysis of other operating expenses					
Consumables and laboratory expenditure	17.6	17.2	16.5	16.5	
Books and periodicals	6.5	6.5	6.1	6.1	
Printing, stationery and postage	3.9	3.9	3.9	3.9	
Rates	1.3	1.3	1.2	1.0	
Fellowships, scholarships and prizes	32.8	32.8	30.5	30.5	
Furniture and equipment	16.8	16.8	18.1	18.1	
Heat, light, water and power	12.3	12.3	11.7	11.7	
Repairs and general maintenance	11.7	11.4	13.1	12.7	
Grants to University of Sheffield Students' Union	3.5	3.5	3.2	3.2	
Rents	12.7	12.6	13.2	12.9	
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	23.9	23.9	26.1	26.1	
Provision for bad & doubtful debts	0.4	3.3	0.1	0.1	
Administrative expenses	8.6	8.6	10.6	10.6	
Travel and subsistence expenses	12.7	12.4	11.3	11.2	
Payments to non-contracted staff	8.3	8.3	7.7	7.7	
Conference and meeting expenditure	2.4	2.4	2.5	2.5	
Professional subscriptions	1.8	1.8	1.7	1.7	
Restructuring costs and redundancy payments	0.8	0.8	0.6	0.6	
Student placement fees	2.1	2.1	2.0	2.0	
Other expenses	11.6	10.3	8.9	6.6	
	191.9	192.4	189.2	185.9	

Travel and subsistence includes expenses paid to 9 Council members of £3,835 (2015 - £6,835 to 6 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 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Analysis of total expenditure by activity				
Academic departments	207.2	207.2	194.2	194.2
Academic services	44.1	44.1	41.9	41.9
Central administration and services	38.0	38.0	28.5	28.5
General Educational expenditure	28.2	28.2	25.8	25.8
Staff and student facilities	14.1	14.1	13.1	13.1
Research grants and contracts	114.3	114.3	108.8	108.8
Residences, catering and conferences	41.5	39.0	39.5	39.3
Premises (including service concession cost)	76.7	76.7	74.3	74.3
Other expenses	32.8	31.3	73.4	63.4
	596.9	592.9	599.5	589.3

Note 10 Taxation

Recognised in the statement of comprehensive income	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Current tax expense	0.4	0.1	3.1	3.1
Deferred tax expense	–	–	–	–
Total tax expense	0.4	0.1	3.1	3.1

Note 11 Intangible assets

Software	Year ended 31 July 2016	
	Consolidated £m	University £m
Opening balance	–	–
Additions in the year	0.5	0.4
Amortisation charge for the year	–	–
Closing balance	0.5	0.4

The addition during the year relates to the purchase of a software intangible asset.

The amortisation period is 5 years.

Note 12 Fixed Assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Service concession arrangement (Note 14)	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£m	£m	£m	£m	£m	£m
Group						
Cost or valuation						
At 1 August 2015	723.6	43.2	204.5	184.4	123.9	1279.6
Additions	35.0	–	–	29.0	20.2	84.2
Transfers	95.3	–	–	15.3	(110.6)	–
Surplus on revaluation	14.2	(3.8)	–	–	–	10.4
Disposals	–	–	–	(7.1)	–	(7.1)
At 31 July 2016	868.1	39.4	204.5	221.6	33.5	1,367.1
Consisting of:						
Valuation	129.3	8.9	40.8	–	–	178.9
Cost	738.8	30.5	163.7	221.6	33.5	1,188.2
	868.1	39.4	204.5	221.6	33.5	1,367.1
Depreciation						
At 1 August 2015	45.4	4.7	5.0	136.1	–	191.2
Charge for the year	37.0	3.5	5.1	29.7	–	75.3
Written back on revaluation	(61.4)	(6.8)	–	–	–	(68.2)
Disposals	–	–	–	(7.1)	–	(7.1)
At 31 July 2016	21.0	1.5	10.1	158.8	–	191.2
Net book value						
At 31 July 2016	847.1	38.0	194.4	62.9	33.5	1,175.9
At 31 July 2015	678.2	38.5	199.5	48.3	123.9	1,088.4

At 31 July 2016, freehold land and buildings included £0.8m (2015 - £0.8m) in respect of freehold land and is not depreciated.

A full valuation of the University's Academic and Administration buildings was carried out on 31 July 2016 by external valuer Gerald Eve LLP.

Notes to the accounts

Note 12 Fixed Assets (continued)						
	Freehold Land and Buildings	Leasehold Land and Buildings	Service concession arrangement (Note 14)	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£m	£m	£m	£m	£m	£m
University						
Cost or valuation						
At 1 August 2015	722.0	43.2	204.5	183.5	123.9	1,277.1
Additions	35.0	–	–	28.6	20.2	83.8
Transfers	95.3	–	–	15.3	(110.6)	–
Surplus on revaluation	14.2	(3.8)	–	–	–	10.4
Disposals	–	–	–	(7.1)	–	(7.1)
At 31 July 2016	866.5	39.4	204.5	220.3	33.5	1,364.2
Consisting of:						
Valuation	129.2	8.9	40.8	–	–	178.9
Cost	737.3	30.5	163.7	220.3	33.5	1185.3
	866.5	39.4	204.5	220.3	33.5	1364.2
Depreciation						
At 1 August 2015	45.2	4.7	5.0	135.6	–	190.5
Charge for the year	37.0	3.5	5.1	29.5	–	75.1
Written back on revaluation	(61.4)	(6.8)	–	–	–	(68.2)
Disposals	–	–	–	(7.1)	–	(7.1)
At 31 July 2016	20.8	1.4	10.1	158.0	–	190.3
Net book value						
At 31 July 2016	845.7	38.0	194.4	62.3	33.5	1,173.9
At 31 July 2015	676.8	38.5	199.5	47.9	123.9	1,086.6

At 31 July 2016, freehold land and buildings included £0.8m (2015 - £0.8m) in respect of freehold land and is not depreciated.

A full valuation of the University's Academic and Administration buildings was carried out on 31 July 2016 by external valuer Gerald Eve LLP.

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 31/07/2016 is £194.4m (31/07/2015 £199.5m). The reduction of £5.1m is as a result of depreciation.

Movement in Service concession arrangement liabilities

The total liabilities relating to the service concession included in the Balance Sheet as at 31/07/2016 were £115.3m (31/07/2015 £117.9m). The sum of £2.6m 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
Liability repayments	3.1	13.5	98.7	115.3
Finance Charge	6.0	22.1	75.5	103.6
Service charge	5.0	22.3	217.2	244.5
	14.1	57.9	391.4	463.4

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.

Notes to the accounts

Note 14 Non-Current Investments				
	Subsidiary companies	Subsidiary investment in spinouts	Other fixed assets investments	Total
Consolidated	£m	£m	£m	£m
At 1 August 2015	–	–	16.7	16.7
Additions	–	–	0.1	0.1
Disposals	–	–	(0.1)	(0.1)
Appreciation	–	–	–	–
Exchange movements	–	–	–	–
Impairment	–	–	(2.7)	(2.7)
At 31 July 2016	–	–	14.0	14.0
University	£m	£m	£m	£m
At 1 August 2015	6.4	–	49.5	55.9
Additions	–	–	–	–
Disposals	–	–	(0.5)	(0.5)
Appreciation	–	–	–	–
Exchange movements	–	–	–	–
Impairment	(1.0)	–	(2.7)	(3.7)
At 31 July 2016	5.4	–	46.3	51.7

Any 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 is 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 statement of comprehensive income and expenditure.

	Year ended 31 July 2016		Year ended 31 July 2015	
	£m	£m	£m	£m
Income and expenditure account				
Income	–	2.8	–	2.9
Deficit before tax	–	(0.4)	–	–
Balance sheet				
Fixed assets	0.4	–	0.3	–
Current assets	0.6	–	0.7	–
	–	1.0		1.0
Creditors: amounts due within one year	(0.6)	–	(0.6)	–
Creditors: amounts due after more than one year	(0.7)	–	(0.4)	–
	–	(1.3)	–	(1.0)
Share of net assets	–	(0.3)	–	–

The university participates in a number of joint research contracts with other universities. Income from such arrangements during 2015-16 amounted to £45.4m.

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

* Limited by guarantee

Note 17 Debtors and prepayments due in more than one year

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Amounts falling due in more than one year:				
Prepayment: ABF lease	–	38.3	–	41.8
Loans to Group companies	–	1.5	–	2.0
Less Provision for bad debts	–	(1.0)	–	–
	–	38.8	–	43.8

Note 18 Trade and other receivables

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Amounts falling due within one year:				
Research grants receivables	22.9	22.9	27.9	27.9
Other receivables	25.6	24.6	28.2	23.5
Prepayments and accrued income	38.9	38.3	45.3	45.1
Amounts due from subsidiary companies	–	0.1	–	0.7
	87.4	85.9	101.4	97.2

Note 19 Current Investments

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Short term investment in shares	34.6	34.6	34.4	34.4
	34.6	34.6	34.4	34.4

Note 20 Creditors : amounts falling due within one year

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Bank loans	2.7	2.7	2.7	2.7
Obligations under finance leases	1.6	3.5	1.0	3.5
Service concession arrangements (note 14)	3.1	3.1	2.6	2.6
Trade payables	20.1	19.0	17.5	16.7
Social security and other taxation payable	6.7	6.7	6.2	6.0
Accruals and deferred income	123.6	121.6	149.0	147.8
Other creditors	25.8	26.9	21.7	23.0
	183.6	183.5	200.7	202.3

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 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Research grants received on account	43.0	43.0	36.3	36.3
Other income	25.6	25.6	53.0	53.0
	68.6	68.6	89.3	89.3

Notes to the accounts

	Note 21 Creditors: amounts falling due after more than one year			
	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Service concession liabilities due after one year	112.2	112.2	115.3	115.3
Obligations under finance lease	–	67.2	–	70.7
Long term creditor	0.6	0.4	0.5	0.4
Bank and other loans	14.1	14.1	26.8	26.8
Private placement	59.8	59.8	59.8	59.8
	186.7	253.7	202.4	273.0
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	8.0	8.0	18.0	18.0
Due in five years or more	63.1	63.1	65.8	65.8
Due after more than one year	73.8	73.8	86.5	86.5
Total unsecured loans	76.5	76.5	89.2	89.2
Unsecured loans repayable by 2047	76.5	76.5	89.2	89.2

Included in loans and private placement are the following:

Lender	Amount £m	Term	Interest rate %	Borrower	Date
Unifund Plc	59.8	40 years bullet repayment	5.33 Fixed	University	31 May 2007
Scottish Widows Ltd	16.7	15 years quarterly repayment	5.46 Fixed	University	30 November 2007
			0.7472 variable		
Total	76.5				

	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 2015	67.8	77.4	145.2	1.2	146.4
Utilised in year	–	(8.3)	(8.3)	(0.3)	(8.6)
Additions in 2015-16	1.5	56.0	57.5	–	57.5
Unused amounts reversed in 2015-16	–	–	–	–	–
At 31 July 2016	69.3	125.1	194.4	0.9	195.3
	Obligation to fund deficit on USS Pension	USPS Defined benefit obligation (Note 35)	Total Pensions Provisions	Other	Total Provisions
University	£m	£m	£m	£m	£m
At 1 August 2015	67.8	77.4	145.2	1.0	146.2
Utilised in year	–	(8.3)	(8.3)	(0.3)	(8.6)
Additions in 2015-16	1.5	56.0	57.5	–	57.5
Unused amounts reversed in 2015-16	–	–	–	–	–
At 31 July 2016	69.3	125.1	194.4	0.7	195.1

USS pension deficit provision

The obligation to fund the past deficit on the Universities' 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 estimated liability that will arise from agreed early retirements under the University's restructuring arrangements and potential liabilities in relation to contractual claims. Other provisions also include the final disposal costs of sealed sources as defined by the High Activity Sealed Source regulations of 2005 (SI2005 No. 2686). The current estimates for the provision are £1,100 for the disposal of a large Sr-90 source and £87,600 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	2016	2015
	£m	£m	£m	£m	£m
Balances at 1 August 2015				Total	Total
Capital	19.0	7.8	7.6	34.4	33.3
Accumulated income	3.9	–	0.7	4.6	4.5
	22.9	7.8	8.3	39.0	37.8
New endowments	0.1	–	0.5	0.6	0.3
Investment income	0.6	0.3	0.3	1.2	1.2
Expenditure	(0.7)	(0.3)	(0.2)	(1.2)	(1.1)
Realisations	–	–	(0.1)	(0.1)	–
(Decrease)/increase in market value of investments	0.2	0.1	(0.1)	0.2	0.8
Total endowment comprehensive income for the year	0.2	0.1	0.4	0.7	1.2
At 31 July 2016	23.1	7.9	8.7	39.7	39.0
Represented by:					
Capital	19.3	7.9	7.9	35.1	34.4
Accumulated income	3.8	–	0.8	4.6	4.6
	23.1	7.9	8.7	39.7	39.0
Analysis by type of purpose:					
Lectureships	4.0	–	0.1	4.1	4.1
Scholarships and bursaries	13.9	–	2.3	16.2	15.7
Research support	1.6	–	5.1	6.7	6.8
Prize funds	1.7	–	0.7	2.4	2.3
General	1.9	7.9	0.5	10.3	10.1
	23.1	7.9	8.7	39.7	39.0

Note 23 Endowment Reserves (continued)

	2016	2015
	Total	Total
	£m	£m
Analysis by asset		
Fixed assets	–	–
Current and non-current asset investments	34.8	34.3
Cash & cash equivalents	4.9	4.7
	39.7	39.0

Deficit balances

The accumulated income relating to the following permanent endowments is currently in deficit. In both cases income to cover these deficits is expected to be received by 31 July 2017.

Balances at 31 July 2016:	Capital	Income
	£m	£m
F Moody Chair of Neurology	0.6	–
Medical Subjects	0.2	0.1
	0.8	0.1

Notes to the accounts

Note 24 Restricted Reserves

Reserves with restrictions are as follows:

	2016 Total £m	2015 Total £m
Balances at 1 August 2015	1.7	1.5
Research grant income	0.4	0.1
Donation and other income	1.6	0.8
Expenditure	(1.8)	(0.7)
Total restricted comprehensive income for the year	0.2	0.1
Balances at 31 July 2016	1.9	1.7
Analysis of other restricted funds/donations by type of purpose:		
Lectureships	–	–
Scholarships and bursaries	0.5	0.7
Research support	0.8	0.6
Prize funds	–	–
General	0.6	0.4
	1.9	1.7

Note 25 Cash and cash equivalents

	Notes	At 1 August 2015 £m	Cash Flows £m	At 31 July 2016 £m
Consolidated				
Cash and cash equivalents		60.7	12.2	72.9
		60.7	12.2	72.9
University				
Cash and cash equivalents		57.1	8.7	65.8
		57.1	8.7	65.8

Note 26 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2016:

	31 July 2016		31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Commitments contracted for	30.1	30.1	24.9	24.9
Commitments not contracted for	90.2	90.2	54.0	54.0
	120.3	120.3	78.9	78.9

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
Unicus Limited
TUOS Parking Limited
Everyday Juice 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	4.8	0.2	0.1	(0.2)	4.7
4 funds and charities each with income below £100,000:	0.4	–	–	–	0.4
	5.2	0.2	0.1	(0.2)	5.1

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.

Notes to the accounts

Note 29 Subsidiary and associate undertakings

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

Company	Principal Activity	%
AMRC Management Ltd	Advanced manufacturing research	76.00%
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	75.00%
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	*
Titanium Castings UK Ltd	Titanium casting manufacturing	100.00%
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%

* Limited by guarantee.

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

Note 30 Lease obligations

Total rentals payable under operating leases:

Consolidated and University	31 July 2016					31 July 2015	
	Land and Buildings	Printers	Vehicles	MRI Scanner	Other leases	Total	Total
	£m	£m	£m	£m	£m	£m	£m
Payable during the year	5.7	0.8	0.1	0.2	–	6.8	6.5
Future minimum lease payments due:							
Not later than 1 year	5.5	0.9	0.1	–	–	6.5	6.8
Later than 1 year and not later than 5 years	1.5	1.5	0.2	–	–	3.2	9.9
Later than 5 years	0.1	–	–	–	–	0.1	–
Total lease payments due	7.1	2.4	0.3	–	–	9.8	16.7

Notes to the accounts

Note 31 Pension Schemes

Different categories of staff were eligible to join one of four different schemes:

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

The Universities' Superannuation Scheme (USS) is the main scheme covering most academic and academic-related staff. The USS Scheme was a defined benefit scheme until 31 March 2016, which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund.

Non-academic employees can participate in USPS, a cash balance defined benefit pension scheme which is externally funded but is no longer contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund.

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

	Year Ended 31 July 2016 £m	Year Ended 31 July 2015 £m
USS	44.8	40.6
USPS including FRS 102 adjustments	4.9	3.2
Other pension schemes	1.5	1.5
	51.2	45.3

Note 31 Pension Schemes (continued)

(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.

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:

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Pension increases (CPI)	2.2%	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 - rates down one year

Notes to the accounts

Note 31 Pension Schemes (continued)

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:

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7
USS Scheme assets and liabilities		
Scheme assets	£49.8 billion	£49.1 billion
Total scheme liabilities	£58.3 billion	£60.2 billion
FRS102 total scheme deficit	£8.5 billion	£11.1 billion
FRS102 total funding level	85%	82%

(ii) University of Sheffield Pension Scheme

Disclosure for the accounting period ending 31 July 2016

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

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 £425,000 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 2016 %pa	At 31 July 2015 %pa
Price Inflation (RPI)	2.61	3.12
Price Inflation (CPI)	1.61	2.12
Rate of increase in salaries	3.86	4.37
Rate of increase of pensions in payment for USPS members	1.61	2.12
Rate of increase of pensions in payment for ex-gratia pensioners*	2.61	3.12
Increases to deferred pensions before retirement	1.61	2.12
Discount rate	2.53	3.73

*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 2015	21.5	23.6	24.0	26.3
At 31 July 2016	21.6	23.8	24.1	26.4

Notes to the accounts

Note 31 Pension Schemes (continued)

Scheme assets and expected rate of return for USPS

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

The assets in the scheme were:

	Fair value as at		
	31 July 2016	31 July 2015	31 July 2014
	£m	£m	£m
Equities	117.9	109.8	92.4
Government bonds	5.1	2.3	1.0
Corporate bonds	22.1	13.1	29
Property	13.7	12.8	11.8
Cash	2.3	13.9	0.8
Total	161.1	151.9	135.0

Note 31 Pension Schemes (continued)

The tables below include, where applicable, disclosures for the USPS and Ex-gratia pensions combined to enable clear presentation. The Ex-gratia pensions account for £5.2m of the total liabilities of £286.2m and £0m of the total assets.

	Year Ended 31 July 2016 £m	Year Ended 31 July 2015 £m
Analysis of the amount shown in the balance sheet for USPS and ex-gratia pensions:		
Scheme assets	161.1	151.9
Scheme liabilities	(286.2)	(229.3)
Deficit in the scheme – net pension liability recorded within pension provisions (Note 22)	(125.1)	(77.4)
Current service cost	4.9	3.2
Past service costs	–	–
Total operating charge:	4.9	3.2
Analysis of the amount charged to interest payable/credited to other finance income for USPS and ex-gratia pensions		
Interest cost	8.4	8.4
Expected return on assets	(5.7)	(5.7)
Interest on net deficit	(1.4)	(1.0)
Net charge to interest payable	1.3	1.7
Total profit and loss charge before deduction for tax		
Analysis of other comprehensive income for USPS and ex-gratia pensions:		
Gain on assets	(2.9)	(9.2)
Experience loss on liabilities	0.1	0.1
Loss on liabilities	49.8	20.8
Past service credit arising on change of pension increase assumption in 2015–2016 financial year	–	–
Total other comprehensive income before deduction for tax	47.0	11.7

Notes to the accounts

Note 31 Pension Schemes (continued)

	At 31 July 2016	At 31 July 2015
	£m	£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	41.7	40.0
Cumulative actuarial losses recognised at the end of the year	88.7	41.7
Analysis of movement in surplus/(deficit) for USPS and ex-gratia pensions		
Deficit at beginning of year	77.4	68.4
Contributions or benefits paid by the University	(8.3)	(9.6)
Current service cost	4.9	3.2
Past service cost	–	–
Other finance charge	4.1	3.7
Gain recognised in other comprehensive income	47.0	11.7
Deficit at end of year	125.1	77.4
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	229.3	203.4
Current service cost (net of member contributions)	4.8	3.2
Past service cost	–	–

Note 31 Pension Schemes (continued)

	At 31 July 2016	At 31 July 2015
	£m	£m
Recorded within other Comprehensive Income.	8.4	8.3
Actual member contributions (including notional contributions)	0.3	0.3
Actuarial loss/(gain)	49.9	20.9
Actual benefit payments	(6.5)	(6.8)
Present value of USPS and ex-gratia liabilities at the end of the year	286.2	229.3
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	151.9	135.0
Expected return on assets	5.7	5.7
Actuarial gain on assets	2.9	9.2
Actual contributions paid by University	7.9	9.2
Expenses paid from scheme assets	(1.5)	(1.1)
Actual member contributions (including notional contributions)	0.3	0.3
Actual benefit payments	(6.1)	(6.4)
Fair value of scheme assets at the end of the year	161.1	151.9
	Year to	Year to
Actual return on Scheme assets	31 July 2016	31 July 2015
	£m	£m
Expected return on Scheme assets	5.7	5.6
Asset gain	2.9	9.2
Actual return on Scheme Assets	8.6	14.8

Estimated contributions for USPS in the Financial Year 2015–2016 is £7.8m

Notes to the accounts

Note 32 Accounting estimates and judgements

Universities' Superannuation Scheme (USS)

FRS 102 makes the distinction between a Group Plan and a multi-employer pension scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide pension scheme such as that provided by USS. The employer has entered into an agreement with USS that determines how the employer will fund the institution's share of the deficit on the pension scheme. This results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The University is satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The Group's provision for its share of the deficit in USS has been calculated in accordance with the methodology recommended by the British Universities Finance Directors Group. Estimates of future salary growth, and the discount rate applied to expected cash flows, have an impact on the amount of the provision.

University of Sheffield Pension Scheme

The estimate of assets and liabilities at the balance sheet date was carried out by independent professionally qualified actuaries. Changes in the discount rate used to estimate the liabilities has a significant impact on the provisions held in the balance sheet.

Service Concession

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, and 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.

As part of the transition to FRS102 the University had those of its student residences that are treated as a service concession valued as at the date of transition. The valuation was carried out by professionally qualified independent valuers Gerald Eve LLP in accordance with RICS valuation standards. The asset lives used to calculate depreciation on these residences are in line with those applied to similar assets owned by the University.

Note 33 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.

Note 33 Related Party Disclosure (continued)

Related Party	Income	Expenditure	Balances at 31 July 2016 due to/ (from) the University
	£m	£m	£m
University Companies			
Blastech Ltd	(0.1)	–	(0.1)
Everyday Juice Ltd	–	0.1	–
Knowledge Now Ltd	(0.1)	0.1	–
Northern Consortium UK Ltd	–	0.4	–
Sheffield Advisory Services Sdn Bhd	–	0.2	–
Sheffield University Students' Union	(1.2)	0.8	(0.1)
The Russell Group of Universities	–	0.1	–
Worldwide Universities Network	–	0.1	–

	Income	Expenditure	Balances at 31 July 2016 due to/ (from) the University	
	£m	£m	£m	
Organisations and Companies in which members of Council or senior management have an interest:				
Akzo Nobel Ltd	(0.1)	–	–	Professor A J Ryan
Henry Boot Plc	–	1.6	–	Mr J Sutcliffe
Irwin Mitchell LLP	–	0.1	–	Mr K Cunningham
Higher Education Funding Council for England	(87.9)	–	–	Professor Sir K Burnett
Rotherham NHS Foundation Trust	–	0.2	–	Ms A M Legg
Sheffield Teaching Hospitals NHS Fdn Trust	(15.0)	5.5	(3.4)	Mr A P Pedder
Sheffield Theatres Trust	–	0.2	–	Professor J Labbe
Higher Education Funding Council for England	(87.9)	–	–	Professor Sir K Burnett

Notes to the accounts

Note 34 Financial Instruments

Risk Management

The University operates a centralised treasury management function which is responsible for managing the credit, liquidity, interest and foreign currency risk. These financial risks are managed within the parameters specified by the Finance Committee approved treasury management policy.

The University's principal financial instruments are the private placement, cash, investments and loans. The core objective of these financial instruments is to meet the financing needs of the University's operations. Additionally, the University has other financial assets and liabilities arising directly from its operations i.e. trade debtors and creditors.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the University.

The University's credit risk arises from bank balances, investments, student debtors and commercial organisations as customers. At 31 July 2016, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

The credit risk of liquid funds and financial instruments is limited because the counterparties are banks with investment grade credit ratings assigned by international credit-rating agencies. The University's exposure and the credit ratings of its counterparties are monitored regularly. The credit exposure is limited by counterparty limits and minimum counter party credit ratings set within the treasury management policy.

Student and commercial debtors are reviewed on an ongoing basis and a bad debt provision is made if recovery becomes uncertain. If a debtor is deemed irrecoverable it is written off. The concentration of risk is limited due to a large number of diverse customers across both students and commercial customer populations.

Liquidity risk

Liquidity risk refers to the risk that the University will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities.

Cash flow forecasts form part of the University's five year planning process and are revised during the financial year when two re-forecasts are made. The University policy is to maintain sufficient to cover 15 days of average expenditure on-call cash balances. Excess funds are invested to maximise the return whilst observing the Treasury Management Policy limits.

The University issued a £60m private placement in May 2007. The capital amount will be paid at maturity in 2047 with the annual coupon of 5.33% paid quarterly.

In November 2007 the University entered into a 15 year term loan with quarterly repayments. The lender is Scottish Widows Ltd.

In August 2014 the University entered into a five year revolving credit facility for £75m with Natwest Plc acting through its agent RBS Plc.

Note 34 Financial Instruments (continued)

Foreign currency risk

Foreign currency risk refers to the risk that unfavourable movement in exchange rates may cause financial loss to the University. The University's principal foreign currency exposure is to the euro. On an annual basis after satisfying euro denominated liabilities the University is left with a surplus of euros. Surplus euros are converted into sterling at spot rates or via forward contracts that are used to mitigate the risk of adverse exchange rate movements.

Interest rate risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of balance sheet items (i.e. price risk) or changes in interest income or expenses (i.e. re-investments risk).

Due to the low interest rate environment most of the University cash deposits at the 31st July 2016 are on-call as these offer a competitive rates of return whilst offering liquidity. Such deposits have limited re-investment risk.

Financial instruments – fair values

The fair values of each category of the University's financial instruments are the same as their carrying value in the balance sheet.

Notes to the accounts

Note 35 Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 July 2016, the comparative information presented in these financial statements for the year ended 31 July 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables.

	1 August 2014		31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Financial position				
Total reserves under 2007 SORP	462.6	461.7	489.8	490.5
Service concession for student residences	61.4	61.4	58.6	58.6
USS pension provision	(30.4)	(30.4)	(67.8)	(67.8)
Capital Grant income	242.2	242.2	240.8	240.8
Other income recognition	1.4	1.4	1.0	1.0
Employee leave accrual	(7.8)	(7.7)	(8.2)	(8.0)
Endowments	37.8	37.8	39.0	39.0
Total effect of transition to FRS 102	304.6	304.7	263.4	263.6
Total reserves under 2015 SORP	767.2	766.4	753.2	754.0

Note 35 Transition to FRS102 and the 2015 SORP (continued)

	Year ended 31 July 2015	
	Consolidated £m	University £m
Financial performance		
Surplus for the year under 2007 SORP	32.4	34.2
Service concession for student residences	(2.1)	(2.1)
USS pension provision	(37.3)	(37.3)
Capital Grant income	(1.5)	(1.5)
Other income recognition	(0.3)	(0.4)
Employee leave accrual	(0.4)	(0.3)
USPS actuarial loss	(15.3)	(15.3)
Revaluation of endowment investments	0.8	0.8
Revaluation of other investments	1.6	1.6
Unrealised gain on revaluation of fixed assets	8.1	7.9
Total effect of transition to FRS 102	(46.4)	(46.6)
Total comprehensive expenditure for the year under 2015 SORP	(14.0)	(12.4)

Cash Flows

The only impact of the transition to FRS 102 on the cash flows of the University or the Group is the reclassification of some short term investments to cash and cash equivalents.

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