



The  
University  
Of  
Sheffield.

# Annual Report & Financial Statements 2009–2010.



# Contents

Vice-Chancellor's introduction	4
Chairman's foreword	10
Report of the Treasurer	12
Our student population	33
Our University at a glance	36
Financial statements	39

# Vice-Chancellor's introduction

Without any doubt, 2009–2010 marked the overture to a period of significant change in UK Higher Education. With a new coalition Government in office and an understanding that there would be major cuts to public expenditure, the university sector braced itself for a period of austerity which requires each of us to consider our vision, and how our ambitions for our students, scholarship and impact can be achieved in this new world.

Within the University, I launched a wide-ranging consultation with our staff and students to carefully consider our Vision, Mission and Identity. It was increasingly clear that reaching agreement on what we most treasured in our University, and where we saw our fundamental strengths, would be vital to our planning and development over the coming months and years. The whole University participated in this process, with staff and students expressing clear commitments to the qualities which make the University of Sheffield the inspiring place it is, with a richly deserved worldwide reputation for excellence in both scholarship and teaching.

Yet 2009–2010 also marked a year of enormous achievement for our University and for our students. It is, in fact, from these very achievements that we draw strength and encouragement as we make our future plans, and which give us real confidence that our determination to preserve the highest levels of academic quality and an outstanding student experience will continue to be the hallmark of the University of Sheffield over the coming years.

## Health and well-being

As I look back on the past year, one theme which emerges again and again is how our work profoundly impacts on the lives of others beyond our University, bringing benefits of health and well-being, economic

growth and educational aspiration, and changing the lives of both those who study and those who reap the benefits of scholarship.

The University of Sheffield's roots go back to the Sheffield School of Medicine and our earliest Nobel Prize was associated with the discovery of the therapeutic uses of penicillin by our Chair of Pathology, Lord Florey. Today, we remain at the cutting edge of medical science as the art of healthcare ranges from genetics to social policy to assistive technologies.

At the beginning of this year, for example, we opened a £1 million gene screening facility funded by the Wellcome Trust and the University's Department of Biomedical Sciences. The second only of its type in the world, the Sheffield Facility will use RNAi interference to help understand the scientific basics required for medical breakthroughs in a range of disorders, including leukemia, cancer and neurological disorders, as well as aiding the understanding of basic biological processes.

The University also announced plans to develop a new test for oral cancer, which a dentist performs by the simple collection of a few cells from a patient's mouth. Researchers at the University of Sheffield and Sheffield Teaching Hospitals NHS Foundation Trust are part of an international team awarded

\$2 million from the USA's National Institutes of Health developing a technique to provide an accurate diagnosis in less than 20 minutes where there is a suspicion of oral cancer.

Another area where University research could lead to many lives saved included new findings from a major international drug trial led by Dr Robert Storey – a Reader at the University as well as a Consultant Cardiologist in Sheffield Teaching Hospitals. The evidence of large-scale trials of a new treatment for heart patients is that it has real potential to improve the quality of care and save many lives in the year following a heart attack, without some of the adverse affects of current medication.

Further life-changing medical developments at the University this year included an innovative computer system which allows long-term ill people to manage their condition, without constant referral to health professionals, and which some medical commentators believe could revolutionise primary health care in Britain. The SMART phone system acts as a user's 'personal therapist', providing the kind of advice and health checks that usually require a visit to a doctor's surgery. The technology records a user's activity and amends their daily schedules depending on the users own assessment of their progress. A separate computer also tracks



key health indicators, such as weight change and blood pressure, while also providing advice and information on the user's condition. Three versions of the system are currently being developed to cover victims of strokes, heart failure patients and sufferers of chronic pain. As well as enhancing care, such a pioneering technology could potentially free up millions of pounds of NHS resources by flagging up serious deterioration before an emergency hospital admission is required.

### **Making a difference on climate change**

Time and again this year we have seen the University making a difference as it grapples with the big issues of our time. One of the most significant of these is, of course, the challenge of climate change and ongoing search for new greener energy solutions.

Our work in this area spans scholarship to understand the nature of the problems we face as a planet, and practical solutions for application now.

Dr Mark Lomas and Professor Ian Woodward from the Department of Animal and Plant Sciences, for example, have worked as part of a Global Carbon Project to understand how a rise in atmospheric CO<sub>2</sub> emissions continues to outstrip the ability of the world's natural 'sinks' to absorb carbon.

The Sheffield team have provided the strongest evidence to date to show how the amount of global CO<sub>2</sub> emissions that remained in the atmosphere each year has increased.

Our cross-cutting research also places top priority on the development of alternative systems of energy, including wind and nuclear energy. This summer, the Deputy Prime Minister Nick Clegg officially opened a major solar farm as part of a project hoped to help lead the way in photovoltaic research. The Sheffield Solar Farm features 70m<sup>2</sup> state-of-the-art photovoltaic panels on the roof of the University's Hicks building. The panels provide both the University and photovoltaics researchers and developers around the UK with the technology to field-test their new and experimental photovoltaic cell designs, as part of a bid to further our knowledge of renewable energy sources. The Solar Farm ties into existing work underway at the University in the Departments of Chemistry and Physics and Astronomy to develop new generations of solar cells using plastic as opposed to silicon, reducing processing costs and enabling photovoltaic technology to be used on a wider scale. These new solar cells will now be put to the test on the Solar Farm.

The opening of the Solar Farm also coincided with the launch of Project Sunshine, a tremendously exciting University of Sheffield initiative to unite scientists in finding ways to harness the power of the sun as part of a bid to meet the increasing food and energy needs of the world's population during a time of uncertain climate and global environment change.

But while we are considering global issues, we are also acting locally. This year the University of Sheffield joined other Yorkshire universities and regional bodies to form the Centre for Low Carbon Futures, a £50 million venture focusing on low carbon technologies and the impact of climate change. The aim of the centre is to build a competitive, sustainable and carbon efficient regional economy, in addition to providing solutions to climate change on a national and international scale. Through an approach which will bring together expertise from sciences, engineering and social sciences, it is hoped the Centre will identify ways in which organisations and communities can adapt to the challenges of climate change. The centre's initial research projects include working towards a low carbon economy, the development of biofuel plants and the capture of carbon from exhaust emissions.

Even closer to home, the University was awarded the Carbon Trust Standard for reducing its own carbon intensity by 3.8 per cent over the past three years. This was achieved by a range of high- and low-tech energy saving measures, including improvements to the University's heating, ventilation, lighting and cooling systems in 38 of the University's major buildings. Together with action taken by students and University accommodation on Water Amnesty and Green Impact, these measures have all demonstrated our genuine commitment to environmental issues as a progressive organisation.

### **A powerful impact**

2009–2010 also saw achievements which brought together our excellence in research, our commitment to new energy solutions, our close collaboration with industry, our work with the region and our profound impact on the UK economy. Perhaps the most powerful example of this was the announcement of a £25 million Nuclear Advanced Manufacturing Research Centre (NAMRC) based in South Yorkshire alongside the existing Advanced Manufacturing Research Centre, led by the University of Sheffield in partnership with University of Manchester, with Rolls-Royce as the lead industrial partner.

The NAMRC further consolidates the University of Sheffield's outstanding international reputation as home to one of the UK's leading Faculties of Engineering, with a record of partnership with industry and job creation which led it to be cited by the Prime Minister in his speech to the CBI as a model for a new research infrastructure for British industry which he believes can invigorate the British economy.

This outstanding reputation was further reinforced when the groundbreaking ceremony on the new NAMRC building was undertaken by Her Majesty the Queen in her first visit to the University in over fifty years. This was an especially moving experience to those who have witnessed the vision of University staff such as AMRC Directors Professor Keith Ridgway and Adrian Allen drive the transformation of the site from the bleak emptiness of the post-mining Orgreave coalfields to a carbon-neutral home which is developing national skills for the green energy sources of the future.

This kind of powerful impact of universities on the wider economy will be crucial to the UK in coming years. In another example of the role the University of Sheffield is playing in this partnership between academia and business, Simcyp – a company that spun-out of the School of Medicine and Biomedical Sciences in 2001 – won a Queen's Award for Enterprise for its development of technology which enables pharmaceutical scientists to analyse how a drug is absorbed, distributed, metabolised and excreted in virtual populations of patients, prior to clinical trials in humans. The Sheffield-based company is ranked 15th on a list of the fastest-growing businesses in the UK.

### **Young people, our future**

Yet perhaps our most profound impact on the future is neither on climate change or on our economy, but through the lives of young people. Here I have been inspired and moved, time and again, at the talents and skills of our students and the good they do in their studies and their volunteering.



Once again, our students shone in national and international awards and competitions. A novel idea of a wood pulp alternative for the paper industry helped a team of scientific entrepreneurs from the University of Sheffield soar to success in an innovative biotechnology competition. Team SynthiBac, made up of second-year PhD students from the Department of Molecular Biology and Biotechnology, were awarded the Pfizer Prize for Innovation in the national finals of Biotechnology YES (Young Entrepreneurs Scheme). Talented students also took first places at the highly contested Science, Engineering & Technology Student of the Year Awards, achieving the British Computer Society Award for the Best Information Technology Student and an award for the Best Materials Student, with an award for the High-Speed Machining of Aerospace Titanium Alloys.

But our students demonstrated their talents in far more than simply their academic studies. In public lectures and events, wonderful charitable and volunteering activities and student mentoring, our students have shown that they are public spirited and committed to using their skills and energies to help other young people who may not have their advantages.

At the end of 2009, as international experts met in Copenhagen to fight climate change, local school children from across Yorkshire and Nottinghamshire visited the University of Sheffield to explore the issue themselves. Working with students, local school children between the ages of 9 and 16 took part in the 'Smart Move' Challenge, which saw the youngsters explore the issue of climate change and the impact it has on individuals and the planet, through the building and programming of their own autonomous robots. The event, which took place at the Octagon Centre, was the regional heat of the annual First Lego League national robotics competition that the University has hosted for the past six years. It is designed to help youngsters learn more about the

work of professionals in the fields of science and engineering. This kind of activity directly supports the excellent work of the University with schools in raising aspiration and encouraging all those who have the talents to benefit from what the University can offer.

Meanwhile, law students welcomed local sixth formers to take part in 'Court in the Act', which aimed to introduce them to the law in society, the impact it may have on their lives, and what it would take to be a top judge or barrister. The event used the Moot Court as a courtroom setting to tell the story of a young man's involvement in anti-social behaviour which then leads to more serious crimes. The youngsters were also given the opportunity to tour the University and meet with the students to talk about life at University, and the career and life choices it can open up to them. Participants also included those on the University of Sheffield's Professions Progression Partnerships (PPP) programme for Law, which aims to raise the aspirations of more young people to have the expectations of professionals, and ensure they have the capacity to achieve their full potential.

### The big idea

Yet while the University of Sheffield has always had a sense that what we learn should also have a direct link with the lives of real people, with tangible benefits, we continue to ask the most searching questions, and to consider the big ideas.

This year work at the University has literally changed the way we look at the world. Social scientists at the University created a new online atlas which displays images of the planet, but not as we know it. The atlas included over 200 maps redrawn to include population distribution data and other information to show, at a glance, which cities are the largest, how all urban areas compare, and whether many or few people live in the countryside. Such an approach overturns five hundred years of world mapping dominated by conventional cartography that shows compass directions as straight lines. These new maps show where everyone on the planet lives, but are truly revolutionary in that they make human beings the focus rather than land.

I am also proud to say that, in a time of continuing conflict in many countries, we also this year launched a Centre for Peace History. Following

an inaugural lecture by an advisor to the Nobel Prize committee, the Centre for Peace History will produce world-class research and engage with the wider public in our understanding of peace. The Centre will also work with teachers to develop teaching materials and other accessible publications that can be used in school and for an informed debate about the chances of peace.

The Centre is assisted by an international, interdisciplinary advisory board, but it seems to me highly appropriate that a University in a city which has at its heart the Peace Gardens should bring together academic expertise which will deepen our understanding of how peace is made and maintained, and share those findings with the public and official bodies in the UK and around the world.

Last of all, as a theoretical physicist myself, I took great pleasure in the discovery by a team of international astronomers led by our own Paul Crowther, Professor of Astrophysics from the Department of Physics and Astronomy, of the most massive stars ever found. Using the European Southern Observatory's (ESO) Very Large Telescope, researchers found stars

weighing up to 300 times the mass of the sun, a figure which doubles the previously accepted limit of solar mass.

Without doubt the coming year will present us with profound challenges. Proposals on increased fees and cuts to teaching funding mean we will need to work hard with our students and staff to ensure that we are led by our values, not solely by our circumstances. But I know that with the creativity, ingenuity and sheer hard work of the people who make up the University of Sheffield, we will preserve our strengths and maximise our opportunities.

In the most challenging academic environment for a generation, I am confident we will succeed. And to paraphrase Oscar Wilde, the fact that we have our feet firmly on the ground as we face the economic realities around us does not mean that we have taken our eyes off the stars.

**Professor Keith Burnett**  
Vice-Chancellor

# Chairman's foreword

At the end of 2010 we had the honour of welcoming Her Majesty the Queen and His Royal Highness the Duke of Edinburgh to the University. Over 50 years have passed since Her Majesty's last visit and during that time the University has witnessed monumental change and has gone from strength to strength.



The visit was an opportunity to share some of our most significant current areas of achievement. Her Majesty opened SITraN, a unique international research centre into neurological conditions. The Queen and Prince Philip visited the Advanced Manufacturing Research Centre which brings together the University of Sheffield, Rolls-Royce and Boeing in ground-breaking research into the manufacturing needs of the civil nuclear energy industry.

Her Majesty also saw some of the wonderful work done by our student volunteers and experienced the energy and dynamism which they bring to projects working with people in Sheffield and beyond who are less fortunate than themselves.

The Royal visit coincided with a period of great change and challenge in higher education but I am confident that here at the University of Sheffield we can build on, our many accomplishments some of which are summarised in this Annual Report.

With our International reputation for research and collaboration with industry, our outstanding leadership, staff, students and graduates we have very good reason to face the future with confidence.

The University of Sheffield is very proud of its achievements and looks forward to the challenges ahead. It is my pleasure to commend this report to you and to add my warm congratulations to all those whose hard work and creativity are reflected in its pages.

**Kathryn Riddle**  
Chairman



# Report of the Treasurer

## Financial Performance

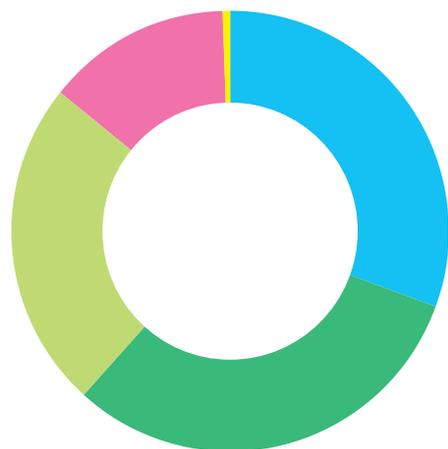
The University's results reflect a robust performance in a challenging economic environment. Income has grown by 4.0 per cent whilst costs have increased by just 0.7 per cent. The operating surplus for the year is £18.5m (2008–09: £10.2m operating deficit) which is 4.5 per cent of total income. The historical cost surplus transferred to reserves is £26.1m (2008–09: £2.8m historic cost deficit) which is 6.4 per cent of total income.

The comparatives to 2008–09 are affected by two items of particular note last year. Firstly, included within other operating expenditure was £10.7m in relation to the Voluntary Severance Scheme (VSS) payments. Secondly, the valuation of the University's academic and administrative estate at 31 July 2009 led to a total valuation impairment of £16.5m which was partly mitigated by an accelerated release of £10.2m from Deferred Capital Grants within Funding Council Grants and Other Income. The table opposite presents the comparatives both including and excluding these two items. Comparatives quoted exclude these two items.

	Year Ended 31 July 2009	Year Ended 31 July 2009	Year Ended 31 July 2010	
	£000	£000	£000	% movement excluding VSS & impairment
<b>Income</b>				
Funding Council grants	132,606	124,806	<b>125,775</b>	0.8%
Tuition fees and education contracts	112,361	112,361	<b>126,822</b>	12.9%
Research grants and contracts	97,724	97,724	<b>98,748</b>	1.0%
Other income	56,523	54,123	<b>55,654</b>	2.8%
Endowment and investment income	4,065	4,065	<b>1,611</b>	(60.4%)
Total income	403,279	393,079	<b>408,610</b>	4.0%
<b>Expenditure</b>				
Staff costs	222,138	222,138	<b>218,186</b>	1.8%
Other operating expenses	138,056	127,356	<b>130,092</b>	(2.1%)
	43,085	43,585	<b>60,332</b>	
Depreciation	45,221	28,721	<b>32,128</b>	(11.9%)
Interest payable	8,101	8,101	<b>8,522</b>	(5.2%)
Total expenditure	413,516	386,316	<b>388,929</b>	(0.7%)
<b>Underlying operating (deficit)/surplus</b>	<b>(10,237)</b>	<b>6,763</b>	<b>19,682</b>	
Deferred capital grant income		10,200		
Impairments		(16,500)	<b>(1,175)</b>	
Voluntary Severance Scheme (VSS)		(10,700)		
<b>Operating (deficit)/surplus</b>	<b>(10,237)</b>	<b>(10,237)</b>	<b>18,507</b>	
Loss on investments and assets	(1,832)	(1,832)	<b>(1,354)</b>	
Other items	(464)	(464)	<b>(328)</b>	
<b>(Deficit)/surplus on continuing operations</b>	<b>(12,533)</b>	<b>(12,533)</b>	<b>16,825</b>	
Historical cost adjustments	9,703	9,703	<b>8,861</b>	
<b>Historical cost (deficit)/surplus</b>	<b>(2,830)</b>	<b>(2,830)</b>	<b>25,686</b>	
Ratio of current assets to current liabilities		1.2	1.3	
Net cash inflow from operating activities as a percent of total income		7.5%	6.2%	
(Debt)/net funds as a percentage of total income		(1.0%)	0.4%	
Historical cost (deficit)/surplus as a percentage of total income		(0.7%)	6.3%	

### Income (£m)

Funding council grants	£125.8m
Tuition fees and education contracts	£126.8m
Research grants and contracts	£98.7m
Other income	£55.7m
Endowment investment income	£1.6m



Total income increased by 4.0 per cent from £393.1m to £408.6m despite recurrent grant income increasing by 0.8 per cent and research income by 1.0 per cent.

### Student fee income (£m)

Research support grants and other fees	
NHS education contracts	
Overseas students	
Home and EU students	

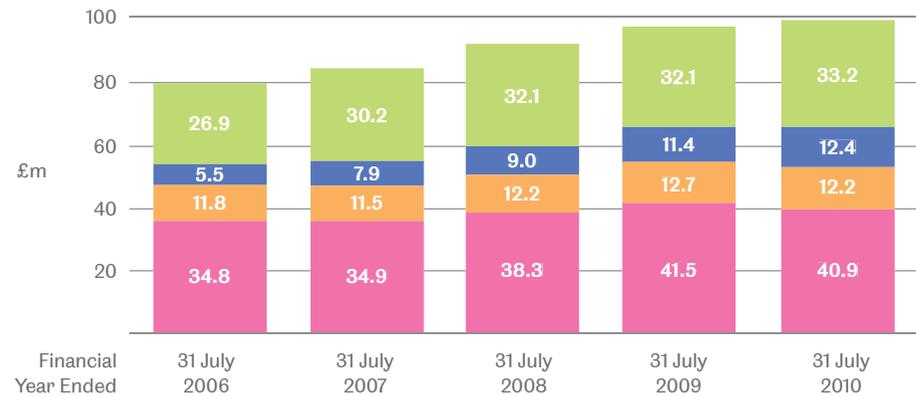


Tuition fee and education contracts income increased by 12.9 per cent from £112.4m to £126.8m. Overseas student fee income increased by 19.2 per cent and now accounts for 38.1 per cent of

total fee income and 11.8 per cent of the University's total income.

## Research

- Other grants and contracts
- European Commission
- UK-based charities
- Research councils



Whilst overall levels of research income are just ahead of the previous year, there has been a deterioration in income from the Research Councils, reflecting the falling level of new awards. Research Councils are concentrating on earmarking funds to larger-scale selective themes, leaving less funding for responsive mode awards.

Income from the European Commission is increasing due to the University's engagement in the Seventh Framework Programme funding stream which is now at its high point.

## Expenditure (£m)

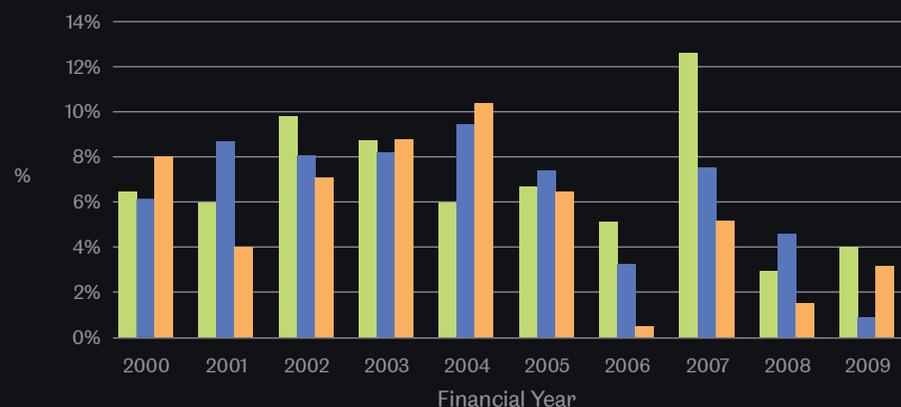
- Interest payable £8.5m
- Staff costs £218.2m
- Other operating expenses £130.1m
- Depreciation £33.3m



Total expenditure increased by just 0.7 per cent from £386.3m to £388.9m. Staff costs comprise 56.1 per cent (2008–09: 57.5 per cent) of University expenditure and have decreased by 1.8 per cent during the year. This is largely due to VSS. Pressures continue to be exerted on staff costs partly due to increases in pension costs. The Universities Superannuation Scheme (USS) increased by 2.0 per cent to 16.0 per cent in October 2009 and the University of Sheffield Pension Scheme (USPS) experienced the full year impact of the increase in April 2009 of 6.0 per cent to 21.6 per cent, including deferred contributions.

### Income, expenditure and staff costs – % growth

- Income
- Expenditure
- Staff costs



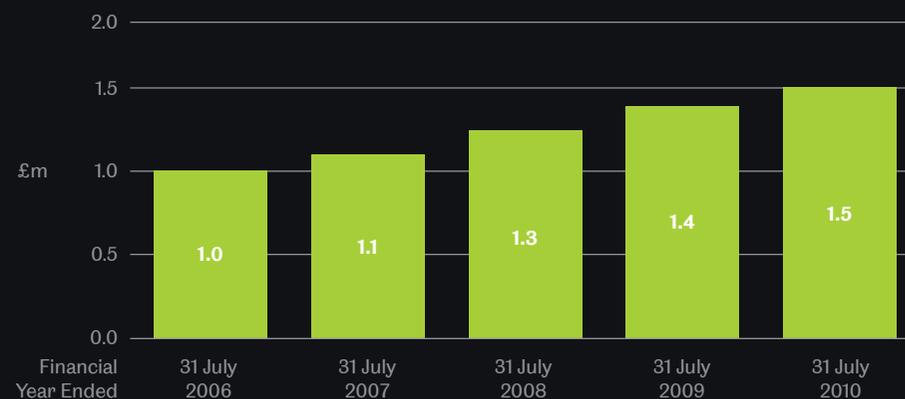
Academic and Professional Services departments both successfully managed expenditure in their budgets during the year which will provide the University with a solid position in dealing with the anticipated grant income reductions.

Depreciation charges have increased but this is largely due to the increased capital spend on refurbished assets which have a shorter useful economic life than new builds. Much of this capital spend is offset by deferred capital grants.

### Balance Sheet

#### Current asset ratio

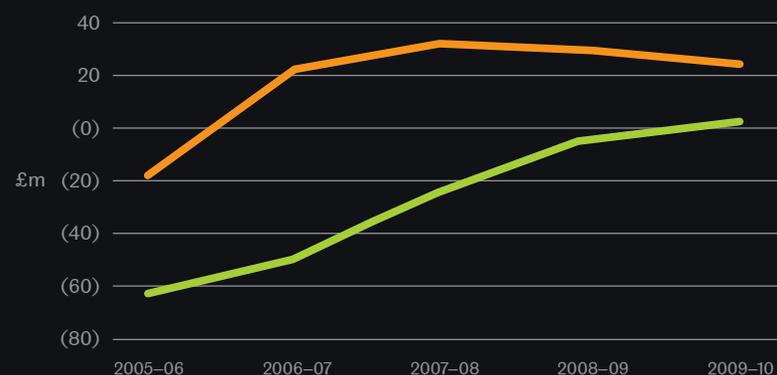
- Current asset ratio



The University's current asset ratio has improved over recent years as cash investments have increased whilst borrowings have remained relatively constant.

## Cash flow and net debt (£m)

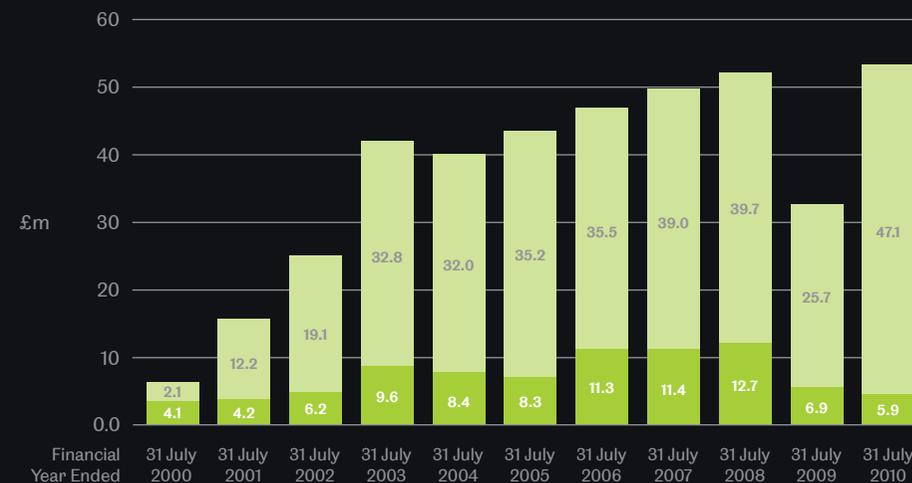
- Operating cash flow
- Net (debt)/funds



The University generated £24.5m in net cash flows from operating activities during the year and has net funds of £1.5m at 31 July 2010.

## Capital expenditure (£m)

- Land and buildings
- Equipment



During 2009–10 the University continued to build for the future by investing £53.0m in its infrastructure in line with its academic and financial strategies. This included the ongoing maintenance and refurbishment of the

existing estate, such as the iconic Arts Tower and the award-winning Students Union, and new construction such as The Sheffield Institute for Translational Neuroscience (SITraN).

## Capital expenditure (continued)



The most significant investment was the Arts Tower refurbishment and by the year end £18.2m of expenditure had been incurred of the project's phase 1 total of £24.7m. The University is committed to restoring the architectural heritage of the building, while at the same time ensuring that the Arts Tower meets the future needs of our staff and students.



The University also constructed a state-of-the-art research institute (SITraN) which is set to make Sheffield a world leader for research into Motor Neurone Disease (MND) as well as other degenerative conditions.

At the year end £5.6m of spend had been incurred on SITraN. Part of the funding for the building came from the generous donation of £8.1m from the Sheffield Institute Foundation for Motor Neurone Disease (SIFMND).

This is the largest donation the University has received in recent years.

# Corporate Strategies

## Mission, vision and identity

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

## The University's mission

Our purpose has long been to improve the world by seeking to understand it better. The University's motto – Rerum Cognoscere Causas – comes from Virgil's Georgics and means 'to know the causes of things'. We now define the University's mission in more contemporary language as 'to discover and understand'. We remain committed today to the goal of changing the world for the better through the power and application of ideas and knowledge.

## The University's identity

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

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

Over the years the growing extent of our ambition and the increasing number of exchanges of people and ideas has developed the University's reach. We are now a truly international university with a world-wide reputation.

## The University's vision

The University of Sheffield will be one of the best universities in the world, renowned for the excellence, impact and distinctiveness both of its research and its research-led learning and teaching. This vision is grounded in a strong belief in a culture of higher education built on a positive interaction between learning, teaching and research.



## **The University's Guiding Principles**

There are six guiding principles that underpin the University's mission and inform all our strategic decisions. They combine to constitute a shared framework for our activities.

### *Achieving Excellence*

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

### *Cultivating Ambition*

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

### *Making a Difference*

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

### *Working Together*

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

### *Protecting the Future*

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

### *Leading the Way*

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

### Financial Strategy

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

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

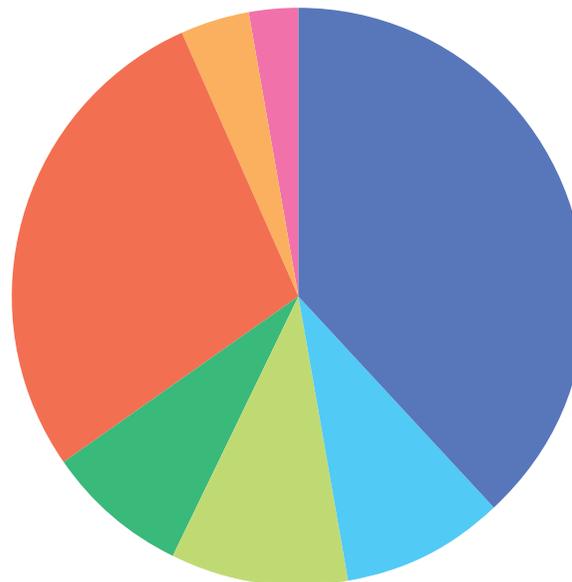
### Human Resources Strategy

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

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

### Staff Numbers (FTE)

■ Academic departments	1,901
■ Academic services	465
■ Central administration and services	494
■ Premises	396
■ Research grants and contracts	1,402
■ Residences, catering and conferences	190
■ Staff and student facilities	135





### Estates Strategy

The University Estate has undergone large investment in recent years. A programme of further capital investment is underway to support the University in its drive to achieve its academic goal of world-class research, its vision of the *Sheffield Graduate* and its contribution to regional development. A robust estates strategy is key to achieving these goals.

Current academic strategies include blended learning for the Learning and Teaching Strategy, collaboration and interdisciplinary activity in the Research Strategy and the development of facilities to encourage the transfer of knowledge between University and local businesses in the Regional Engagement Strategy.

The Estates Strategy must address the Learning and Teaching and Research Strategies above, but within the University's financial context. The University is pursuing the goal of financial sustainability, which requires a regime of funding for the estate that guarantees physical sustainability. There are a number of 1960s buildings, such as the Arts Tower, which remain a priority for maintenance in order for the University to continue to provide effective academic activity.

The University requires the generation of financial surpluses to be able to sustain capital investment plans. The anticipated decline of recurrent grant income and capital funding from the Higher Education Funding Council for England will further increase the requirement to use these surpluses as a means of funding capital expenditure.

### Risk Management Strategy

The University's definition of risk is any uncertain event, or set of events, which, should it occur, will have an effect on the achievement of the University's current or future objectives.

During 2008 the University completed a review of its risk and opportunity policy and practices and has implemented the changes emerging from the review. The Risk Review Group has been established and its remit is to oversee all levels of risk and opportunity management. Responsibilities and reporting processes have also been fully integrated in the Faculty structure in line with the Risk Policy which is reviewed annually, most recently in June 2010.

## Public Benefit

The University holds charitable status as an Exempt Charity and has had due regard to the Charity Commission's public benefit guidance.

### Learning and Teaching

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

The *Sheffield Graduate* set of attributes provides a framework for implementing this objective. We have used it to identify the experience and opportunities we need to offer to our students to enable them to gain the attributes. To this end, we have enhanced the support and resources that are available for academic skills development, funded projects that enhance curriculum content and delivery, and identified how extra-curricular activities enable students to broaden their skills and knowledge. This has led in turn to the introduction of the Sheffield Graduate Award. In addition, we have enhanced the support and opportunities that our staff need to enable us to meet our objective.

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

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

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

## Research

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

It is the nature and scale of our interdisciplinary research that makes us stand out among universities. We bring together people from diverse research backgrounds in virtual centres, physical institutes, or state-of-the-art environments designed to foster world-leading interdisciplinary research excellence.

For the success and impact of our research knowledge transfer activities we are among the leading Russell Group universities.

The University of Sheffield is committed to raising the awareness and understanding of the public value that is created by the breadth of research activity across the institution. Staff from across the disciplines are committed to disseminating their research in order to ensure that the economic and societal impacts are felt as widely as possible. One such example is the Arts Science Encounters, an annual programme of activities which brings together leading arts and science researchers to share their knowledge and stimulate discussions on a whole host of topics with members of the public.

Many projects involve users from a very early stage in order to ensure that the research is meeting the needs of the wider community. The changing demographic has led to the emergence of a host of research projects exploring the ageing population. An interdisciplinary research team involving both academic staff and practitioners is leading the field in the development of assistive technology to meet the needs of an ageing population. One such development provides elderly users with simple touch screen technology which enables them to access the internet without having a prior knowledge of computer systems. Residents at one care home have already embraced the technology, increasing their social interaction and communicating regularly with their families.

### Student Recruitment

Our goal is to produce *Sheffield Graduates* who demonstrate impact, excellence and distinctiveness in their chosen field. We will therefore recruit students of the highest academic and intellectual ability, with the potential and motivation to succeed on our courses, and who will fully engage with – and benefit from – the University's courses.

We aim also to achieve a student community that is balanced and diverse in terms of experience and background, recognising the educational as well as cultural benefits that this brings to us all.

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

The University offers bursaries and scholarships to support talented students who may not have the financial resources to come to university. Alumni are also encouraged to consider philanthropic donations to our Alumni Fund, which is used to support scholarships for students, and to support students in times of hardship.

### Student Support

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

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

### Employability

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

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

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

### Environmental Policy

The University shows its commitment to environmental best practice. The Environmental Policy has developed since it was put in place in 1997 and provides the framework for all our work, whether it be in relation to energy saving, waste and recycling or sustainable transport. This environmental policy will be reviewed each year and made publicly available.

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

### Community

The University of Sheffield is a major employer in the region. It is a world-class research university and one of the most popular UK destinations for talented students from Britain and more than a hundred other countries worldwide.

The economic benefits to the City of Sheffield are enormous, and there are many opportunities for the local community. Educational courses, public events and lectures are available to local residents and we collaborate with schools and other agencies in the city. Our sporting facilities are available for use by community groups and local sports clubs.

Our students are active in contributing positively to the life of the City of Sheffield through volunteering and other community activities. The University recognises that the presence of so many predominantly younger students has a significant impact. We are committed to building good community relations and are determined that our students are aware of their responsibilities in the neighbourhood.

## Conclusion

The robust results of 2009–10 place the University in a stronger position to face the significant challenges ahead whilst continuing to focus on our excellent research and outstanding student experience.

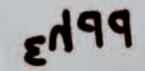
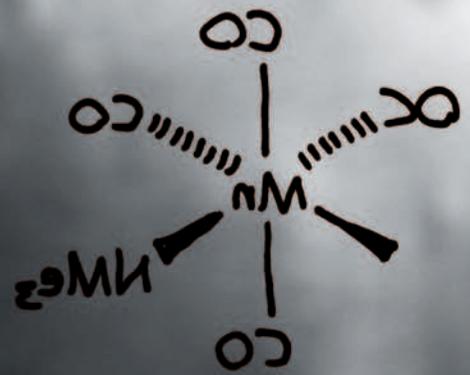
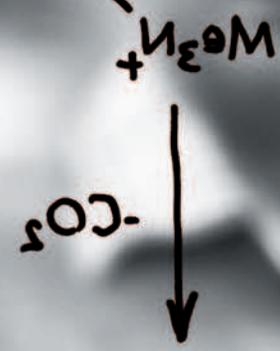
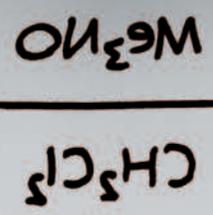
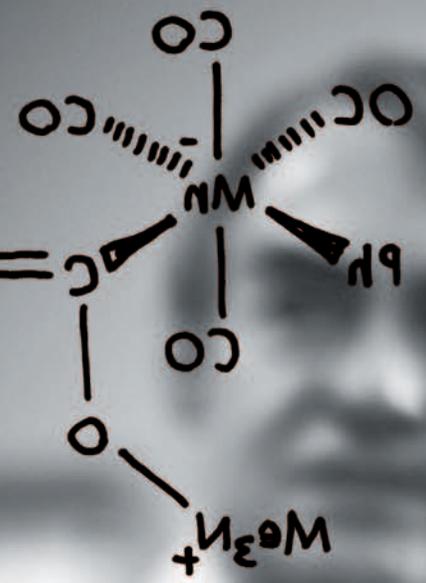
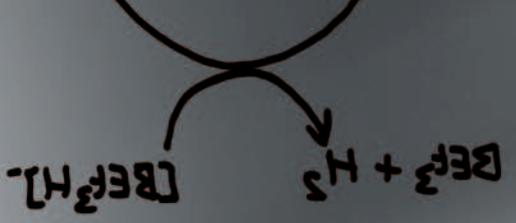
The University has successfully increased income by 4.0 per cent whilst controlling expenditure which has increased by just 0.7 per cent. The capital programme has continued with further major investment in teaching and research facilities and the student experience. These results and investments will contribute towards the University ensuring continued financial sustainability and research and teaching excellence as public finances come under particular strain.

The whole sector is facing a period of significant change following the announcements of the Browne Review and the Comprehensive Spending Review. Pension costs are under pressure and efforts are required to ensure the sustainability of the schemes. The challenge faced is to continue to focus on the University's mission and guiding principles in a sustainable way whilst adapting to the changing economic circumstances. The University anticipated the change ahead and has already been diligently taking steps, such as the VSS in 2008–09, to ensure that the University is well placed financially and that our core values can be maintained.

I would like to thank my predecessor, Mr Kim Staniforth, whose association and valued contribution to the University dates from 2000 when he was appointed as a member of the Finance Committee. He joined the Council in the following year and was appointed as Treasurer in 2002.

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

**David Young**  
Treasurer





Mapping Bradford

Group Work

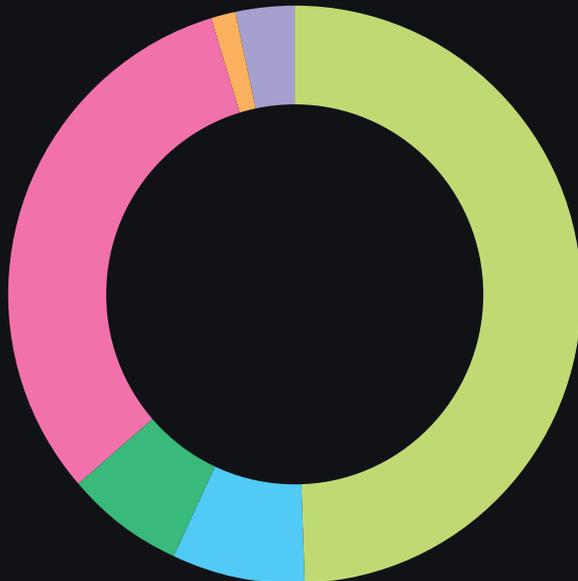
These maps are the product of a workshop led by Jane that the school set to give the participants and pieces of places in Bradford. These maps offer significantly valuable evidence to the school that their own sense of their Bradford is so clear. A key group identified the Bradford where the group mapped their Bradford by identifying where the different areas of the town - based on what they know. Another group looked through to what the streets and areas. What were your Bradford and the 1000 year ago and then.

# Our student population

## 1 August 2008 – 31 July 2009

Total applications 54,882

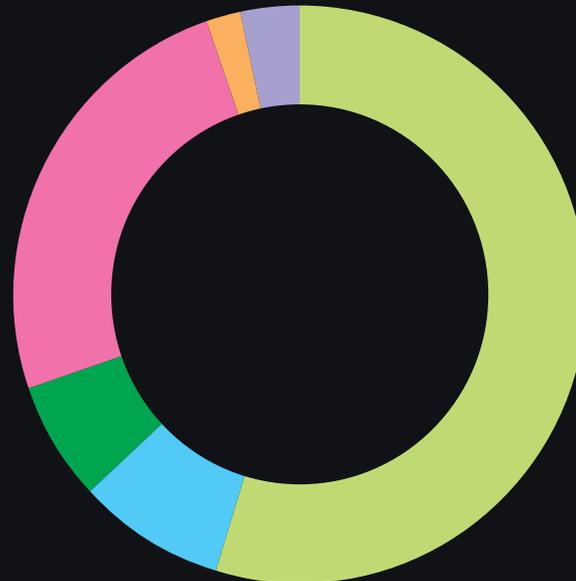
■ UG Home	29,629
■ UG Overseas	4,491
■ PGT Home	4,129
■ PGT Overseas	13,821
■ PGR Home	980
■ PGR Overseas	1,832



## 1 August 2009 – 31 July 2010

Total applications 64,625

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



# Student numbers 2009–10

## Full Time

Faculty	Undergraduate		Postgraduate		Total
	Home/EC	Overseas	Home/EC	Overseas	
Faculty of Arts	2,758	15	303	137	3,213
Faculty of Engineering	1,612	737	320	662	3,331
Faculty of Medicine	1,928	101	207	264	2,500
Faculty of Science	2,777	158	462	219	3,616
Faculty of Social Sciences	4,871	532	962	706	7,071
<b>Total</b>	<b>13,946</b>	<b>1,543</b>	<b>15,489</b>	<b>2,254</b>	<b>19,731</b>

## Part Time

Faculty	Undergraduate		Postgraduate		Total
	Home/EC	Overseas	Home/EC	Overseas	
Faculty of Arts	24	1	145	17	187
Faculty of Engineering	36	35	61	12	144
Faculty of Medicine	548	20	462	62	1,092
Faculty of Science	43	1	50	5	99
Faculty of Social Sciences	861	6	647	210	1,724
<b>Total</b>	<b>1,512</b>	<b>63</b>	<b>1,575</b>	<b>306</b>	<b>3,246</b>

## Additional Students

Modern languages students abroad	195
Architecture students in office practice	106
Students on optional years out	63
Erasmus and year abroad students	247
<b>Total</b>	<b>611</b>

# Classifications

## First degree classifications awarded 2009–10

Faculty	1	2.1	2.2	3	Pass	Unclassified	Total
Faculty of Arts and Humanities	146	646	112	2	5	0	911
Faculty of Engineering	177	209	125	19	23	0	553
Faculty of Medicine, Dentistry and Health	85	177	156	11	352	36	817
Faculty of Science	170	403	179	19	15	0	786
FCS	172	972	424	34	105	0	1,707
<b>Grand Total</b>	<b>750</b>	<b>2,407</b>	<b>996</b>	<b>85</b>	<b>500</b>	<b>36</b>	<b>4,774</b>

	Diploma	Cert	Total
FCP	0	15	15
FCS	4	195	199
FCM	46	13	59
<b>Grand Total</b>	<b>50</b>	<b>223</b>	<b>273</b>

## Undergraduate degree types awarded 2009–10

BA	1,940	LLB	356	MENVSCI	3
BDS	69	MArch (UG)	51	MLA (UG)	14
BENG	263	MB,CHB	240	MMATH	21
BMEDSCI	451	MBIOLSCI	38	MPHYS	31
BMUS	40	MBIOMEDSCI	1	MPLAN (UG)	25
BSC	844	MCHEM	72	ADV CERT	12
BSC/DIP	13	MCOMP	12		
DIP DEN	28	MENG	250		
				<b>Grand Total</b>	<b>4,774</b>

# Our University at a glance

## Officers and the Council

### Officers of the University

Session 2009–10

The Chancellor

*Sir Peter Middleton*

The Pro Chancellors

*Mr P N Firth*

*Mr A P Pedder*

*Mrs K E Riddle (Chairman of Council)*

The Treasurer

*Mr A M C Staniforth*

The Vice-Chancellor

*Professor K Burnett*

The Cross Cutting Pro-Vice-Chancellors

*Professor R A L Jones, Research and Innovation*

*Professor D M Shellard, External Affairs (to May 2010)*

*Professor P E White, Learning and Teaching*

The Faculty Pro-Vice-Chancellors

*Professor P Powrie, Arts and Humanities (to October 2009)*

*Professor M Braddick, Arts and Humanities (from October 2009)*

*Professor M J Hounslow, Engineering*

*Professor A P Weetman, Medicine, Dentistry and Health*

*Professor A J Ryan, Science*

*Professor A J Payne, Social Sciences*

Registrar and Secretary

*Dr D E Fletcher (to September 2009)*

*Dr P K Harvey (from October 2009)*

### The Council of the University

Session 2009–10

Ex-officio members

The Pro Chancellors

The Treasurer

The Vice-Chancellor

One Pro-Vice-Chancellor

*Professor P E White*

The Chairman of Convocation

*Mr B Wrigley*

Persons appointed by the Council

*Mrs V J Bayliss*

*Mr C A J Biggin*

*Mr M Merali*

*Mr O G Stephenson*

*Mr R Tapp*

*Mr D Young*

One Faculty Pro-Vice-Chancellor appointed

annually by the Vice-Chancellor

*Professor A P Weetman*

Three members of the Senate elected by the Senate

*Professor D Hornby*

*Mr M J Lewis*

*Professor L Maltby*

The President of the Union of Students

*Mr P Tobin*

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

*Mr A Kerr*

Secretary to the Council

The Registrar and Secretary

# Faculties and Departments

## Arts and Humanities

Archaeology  
Biblical Studies  
School of English  
French  
Germanic Studies  
Hispanic Studies  
History  
Modern Languages and Linguistics  
Music  
Philosophy  
Russian and Slavonic Studies

## Engineering

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

## Medicine, Dentistry and Health

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

## Science

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

## Social Sciences

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



# Financial Statements

2009–10

# Corporate Governance

The following statement is given to assist readers of the financial statements to obtain an understanding of the governance and legal structure of the University of Sheffield.

The University is an independent corporation whose legal status derives from a Royal Charter granted in 1905. Its objectives, powers and governance framework are set out in the Charter and its supporting statutes. The University's Charter requires the existence of the following three bodies whose main functions are detailed below.

## **The Senate**

The Senate is the academic authority of the University whose role is to direct and regulate the teaching and research work of the University. Its membership is drawn mainly from the academic staff of the University.

## **The Court**

The Court is a large, formal body mainly comprising of lay members. Its membership is representative of the University and the community in which it is set. The Court meets once a year to receive annual reports from the Council and the Senate, and to receive and consider the University's annual financial statements.

## **The Council**

The University's Council is its governing body, responsible for the strategic development and overall performance of the University's business. Council membership comprises lay people and academics appointed under the statutes of the University, the majority of whom are non-executive. The role of the Chair of the Council is separate from the role of the University's Chief Executive, the Vice-Chancellor. The matters specially reserved to the Council for decisions are set out in the statutes of the University. By custom and under the Financial Memorandum with the Higher Education Funding Council for England (HEFCE), the Council holds to itself the responsibilities for the ongoing strategic direction of the University, approval of major developments and the receipt of regular reports from Executive Officers on the day-to-day operations of its business and its subsidiary companies. In addition to Nominations Committee and Senior Remuneration Committee which are formally constituted committees of 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 Audit Committee is constituted in line with guidance issued by the HEFCE and contains both lay members of the University Council and co-optees with special expertise who are not on the Council. Whilst senior executives attend meetings of the Audit Committee, they are not members of it. Both the external and internal auditors have independent access to the Committee, and vice versa. The Audit Committee is responsible for making recommendations to the governing body on the appointment of both the internal and external auditors to the University. The Committee meets with the external auditors to discuss their audit findings, and to review and approve the audit aspects of the annual financial statements; and it provides the governing body with its own opinions as required by the HEFCE Code. It also approves and influences the annual audit plan prepared by the University's internal auditors, and considers completed audit reports; these deal with recommendations for the improvement of the University's systems of internal control. The Committee also reviews management responses to audit reports and monitors implementation of recommendations. The Committee also receives and considers reports from the HEFCE as they affect the University's business and monitors adherence to the regulatory requirements.
- The Human Resource Management Committee is responsible for making recommendations to the Council for new or revised human resource policies to support overall strategic human resource objectives. The Human Resource Management Committee also approves procedures and receives and considers reports from the Director of Human Resource Management, including annual reports of meetings with campus unions.

### Full statement of internal control

1. As the governing body of the University of Sheffield, the Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the Charter and Statutes and the Financial Memorandum with the HEFCE.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.
3. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2010 and up to the date of approval of the annual report and financial statements and accords with the HEFCE guidance. The process is regularly reviewed by the Council and accords with the Turnbull Guidance. The University has formally adopted the CUC (Committee of University Chairs) Code which has the key motivation of improving effectiveness of governance structures and processes. The University manages risks through a Corporate Risk Register. There are also Faculty and Operating Risk Registers, and Departmental Risk Registers for both academic and professional service departments. The Risk Review Group (a sub-group of the University Executive Board) oversees these different levels of risk. The University's risk management policy was formally approved by the Council on 11 June 2007. The risk management policy is reviewed annually by the Risk Review Group.
4. The following processes have been established:
  - a. The plans and strategic direction of the institution are specifically considered at one of the regular meetings of the Council every year.
  - b. The Council undertakes an annual assessment for the purpose of making its public statement on internal controls. This assessment considers issues dealt with in the periodic reports received.
  - c. The Council receives periodic reports from the Chair of the Audit Committee concerning internal control and risk management.
  - d. The Council has delegated responsibility for overseeing the management of strategic risks to the Risk Review Group, which is a subgroup of the University Executive Board.
  - e. The Audit Committee receives regular reports from Internal Audit, which include Internal Audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement. The Audit Committee may also request additional reports to gain assurance from other parties on areas of concern.

- f. A series of facilitated risk management workshops have been held which have encompassed the University Executive Board, Professional Services Heads of Departments and Heads of Academic Departments. Issues addressed have included the cascading of the management of risk at departmental level.
  - g. A risk prioritisation methodology based on risk ranking has been established.
  - h. An organisation-wide risk register is maintained for corporate-level risks.
  - i. A reporting structure has been implemented whereby high-level strategic opportunities and risks are overseen by the Risk Review Group and reported to the Council. The University Executive Board receives reports on the action taken on all corporate level risks, along with suggestions for additions to and deletions from the risk register.
  - j. The University has established a basket of Key Performance Indicators (KPIs), which can be benchmarked against other publicly available data sources, and which will be regularly reviewed by the Council.
  - k. A five-yearly effectiveness review of the Council is undertaken. This is a self evaluation of the Council's effectiveness and that of its Committees. The next review is currently being undertaken and the November 2010 Council meeting will consider the outcomes.
5. The institution has contracted its internal audit function to an external provider, which operates to standards defined in the HEFCE Audit Code of Practice and whose work is subject to review for effectiveness by the HEFCE Audit Service. The provider's supervising partner for the assignment functions as the institution's Head of Internal Audit. The internal auditors submit regular reports, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement.
6. Our review of the effectiveness of the system of internal control is informed by the work of internal audit and by the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

# Independent Auditors' Report to the Council of the University of Sheffield

We have audited the Group and University financial statements (the "financial statements") of the University of Sheffield for the year ended 31 July 2010 which comprise the primary statements such as the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out therein.

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

## **Respective responsibilities of the University Council and auditors**

The responsibilities of the Council for preparing the Treasurer's Report and the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 42.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other

restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England, and the Financial Memorandum with the Training and Development Agency for Schools. We also report to you whether in our opinion the Treasurer's Report is not consistent with the financial statements.

In addition, we report to you if, in our opinion, the University has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Treasurer's Report and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the University's Council in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group and University's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group's and the University's affairs as at 31 July 2010 and of the Group's surplus of income over expenditure for the year then ended.
- The financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.
- In all material respects, income from the Higher Education Funding Council for England, and the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2010 have been applied for the purposes for which they were received.
- In all material respects, income during the year ended 31 July 2010 has been applied in accordance with the University's statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England, and the Financial Memorandum with the Training and Development Agency for Schools.

### Jeremy Gledhill

for and on behalf of KPMG LLP  
Statutory Auditor

Chartered Accountants

KPMG LLP  
1 The Embankment  
Neville Street  
Leeds LS1 4DW

22 November 2010

# Responsibilities of the Council of the University of Sheffield

In accordance with the University's Statutes, the Council of the University of Sheffield is responsible for the strategic development and overall performance of the University of Sheffield and is required to present audited financial statements for each financial year.

The Council is required to ensure that the financial statements are prepared in accordance with the University's Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education (2007) and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Council of the University of Sheffield, the Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs at the balance sheet date of the University of Sheffield and of the surplus or deficit and cash flows for that year.

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

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

The Council has taken reasonable steps to:

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

# Statement of Principal Accounting Policies

## 1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

## 2. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2010. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

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

## 3. Joint venture entities and associates

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

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

## 4. Intra-group transactions

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

## 5. Income recognition

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

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Donations with restrictions are recognised when relevant conditions have been met. In many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the University are recognised in the Statement of Total Recognised Gains and Losses, and in Endowments. Other donations are recognised by inclusion as other income in the income and expenditure account.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account

as a debit, to the extent that it is not covered by a previous revaluation surplus.

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the statement of total recognised gains and losses.

All other income is credited to the income and expenditure account in the period in which it is earned.

#### **6. Agency arrangements**

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

#### **7. Leases and hire purchase contracts**

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Finance leases, which substantially transfer all the benefits and risks of ownership of an asset to the University, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

#### **8. Taxation**

The University is an exempt charity within the meaning of schedule 2 of the Charities Act 1993. It is therefore a charity within the meaning of paragraph 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478–488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in section 505 of the Income and Corporation Taxes Act 1988 (ICTA) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied

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

The University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **9. Accounting for goodwill and intangible fixed assets**

Goodwill arises on consolidation and is based on the difference between the fair value of the consideration given for the undertaking acquired

and the fair value of its separable net assets at the date of acquisition. Goodwill is amortised over its estimated economic life. Where goodwill and intangible assets are regarded as having limited useful economic lives, they are amortised over those lives up to a maximum of 20 years. Impairment tests are carried out at the end of the first year and thereafter subject to normal periodic reviews for indications of impairment. Where there is impairment in the carrying value of goodwill, the loss is incurred in the results for the period.

Positive purchased goodwill is capitalised and classified as an asset on the balance sheet. Negative goodwill is separately disclosed on the face of the balance sheet in fixed assets and is released to the income and expenditure account. The accounting treatment is set out in policy note on accounting for business combinations.

#### **10. Land and buildings**

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

##### **Specialised properties**

depreciated replacement cost

##### **Non-specialised properties**

open market value on existing use basis

##### **Residential accommodation**

###### **– operational assets**

open market value

##### **Residential accommodation**

###### **– non-operational assets**

open market value

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

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

An interim valuation of academic, office, ancillary and support buildings was carried out on 31 July 2009 by Gerald Eve, Chartered Surveyors.

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University from the existing tangible fixed asset beyond its previously assessed standard of performance. The cost of any such enhancements

are added to the gross carrying amount of the tangible fixed asset concerned. Assets are depreciated on a straight line basis.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated over their expected useful lives of 50 years and leasehold land over the life of the lease up to a maximum of 50 years. Refurbishments are depreciated over their expected useful lives, up to a maximum of 20 years. Where material, a depreciable asset's anticipated useful economic life is reviewed annually and the accumulated and future depreciation adjusted in accordance with FRS 15.

Specialised short-life assets, for example synthetic sports pitches, are depreciated over their expected useful lives up to a maximum of seven years.

Depreciation is charged against individual assets as soon as their full, unrestricted use becomes available to the University. In the year of acquisition, the depreciation charged against the asset is in proportion to the part of the year the asset is available for use.

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

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the related asset on a basis consistent with the depreciation policy.

These valuations are retained subject to the requirement to test assets for impairment in accordance with FRS 11. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of a fixed asset may not be recoverable. Where assets funded by deferred capital grants are impaired, the related deferred capital grant is released to income.

A value is attributed to the benefit of assets which the University does not own and for which no annual or nominal rental is paid, and are capitalised, with a corresponding credit to deferred capital grants, and thereafter depreciated over the period of use.

## 11. Equipment

Equipment, including computers and software, costing less than £20,000 per individual item is written off in the year of acquisition. All other equipment is capitalised.

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

Depreciation is charged against individual assets as soon as their full, unrestricted use becomes available to the University. In the year of acquisition, the depreciation charged against the asset is in proportion to the part of the year the asset is available for use.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grant is treated as a grant received in advance and released to income over the expected useful life of the equipment.

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

## 12. Assets held for resale

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

## 13. Heritage assets

The University conducted an independent valuation of heritage assets by Andrew Firth, Fine Art and Antiques Limited at 31 July 2008 and this has shown the value of heritage assets is not material and accordingly no heritage assets have been capitalised.

## 14. Investments

Listed investments held as fixed assets or endowment assets are shown at market value.

Investments in subsidiary undertakings are shown at the lower of cost or net realisable value, and investments in associates are shown in the consolidated balance sheet at attributable share of net assets.

Current asset investments, which may include listed investments, are shown at the lower of cost and net realisable value.

Interests in land and buildings held for their investment potential are included in the balance sheet at their market value without charging depreciation.

## 15. Stock

Stock is stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock.

## 16. Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Liquid resources comprise assets held as readily disposable store of value. They include term deposits, government securities and loan stock held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

## 17. Foreign currency translations

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date, with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

## 18. Accounting for research and development

Expenditure on pure and applied research is treated as a part of the continuing activities of the University. Expenditure on development activities is carried forward and amortised over the period expected to benefit.

## 19. Financial instruments

The University uses derivative financial instruments to reduce exposure to exchange rate movements. Such derivative financial instruments are not held for speculative purposes and relate to actual assets or liabilities or to probable commitments.

All hedging instruments undertaken in respect of interest rate and foreign currency exposure and any amounts receivable or payable on hedging

contracts are accounted for on a consistent basis with the underlying assets or liabilities. Interest payable and receivable is accounted for on an accruals basis. Premiums or charges incurred in respect of the hedge instruments are deferred and amortised over the term of the instrument. In instances where the derivative financial instrument ceases to be a hedge for an actual asset or liability, then it is marked to market and any resulting profit or loss recognised at that time.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 20. Maintenance of premises

The University has a rolling maintenance plan, which is reviewed on an annual basis. The cost of routine corrective maintenance is charged to the income and expenditure account as incurred.

## 21. Accounting for charitable donations

### Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received or, if before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

### Endowment funds

Where charitable donations are to be retained for the benefit of the University as specified by the donors, these are accounted for as endowments. There are three main types:

1. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
2. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income.

3. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

### Total return on investment for permanent endowments

Total return is the whole of the investment return received by the University on the permanent endowment funds regardless of how it has arisen.

The total return, less any part of the return which has previously been applied for the purposes of the University, remains in the unapplied total return fund. This fund remains part of the permanent endowment until such time as a transfer is made to the income and expenditure account.

### Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

### **Gifts in kind, including donated tangible fixed assets**

Gifts in kind are included in 'other income' or 'deferred capital grants' as appropriate using a reasonable estimate of their gross value or the amount actually realised.

### **22. Accounting for retirement benefits**

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of Sheffield Pension Scheme (1975) (USPS). The schemes are defined-benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries. A small number of staff remain in other pension schemes.

Pension costs are assessed on the latest actuarial valuations of the Schemes and are accounted for on the basis of FRS17, except for the USS, a multi-employer scheme, for which contributions are charged directly to the income and expenditure account as if the scheme were a defined contribution scheme. The USPS scheme's assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit method. The post-retirement benefit surplus or deficit is included on the University's balance sheet, net of the related amount of deferred tax. Surpluses are only included to the extent that they are recoverable through reduced contributions in the future or through refunds from the schemes. The current service cost and any past service costs are included in the income and expenditure account within operating expenses and the expected return on the schemes' assets, net of the impact of the unwinding of the discount on scheme liabilities, is included within other finance income. Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised, net of the related deferred tax, in the statement of total recognised gains and losses.

### **23. Provisions, contingent liabilities and contingent assets**

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow. Contingent assets are disclosed by way of a note, where there is a possible, rather than present, asset arising from a past event.

## Consolidated Income and Expenditure Account

for the year ended 31 July 2010

	Note	Year Ended 31 July 2010	Year Ended 31 July 2009
<b>Income</b>		<b>£000</b>	<b>£000</b>
Funding Council grants	1	125,775	132,606
Tuition fees and education contracts	2	126,822	112,361
Research grants and contracts	3	98,748	97,724
Other income	4	55,972	56,910
Endowment and investment income	5	1,611	4,065
<b>Total income</b>		<b>408,928</b>	<b>403,666</b>
<b>Less: Share of income from joint ventures</b>		<b>(318)</b>	<b>(387)</b>
<b>Net income</b>		<b>408,610</b>	<b>403,279</b>
<b>Expenditure</b>			
Staff costs	6	218,186	222,138
Other operating expenses	7	130,092	138,056
Depreciation	12	33,303	45,221
Interest payable	8	8,522	8,101
<b>Total expenditure</b>		<b>390,103</b>	<b>413,516</b>
Surplus/(deficit) after depreciation of assets at valuation and before tax		18,507	(10,237)
Share of operating profit in joint ventures		1	44
Share of operating loss in associates		(158)	(1,311)
Loss on sale of investments		(1,005)	-
Loss on disposal of assets		(192)	(565)
<b>Surplus/(deficit) after depreciation of assets at valuation, disposal of assets and before tax</b>	11	<b>17,153</b>	<b>(12,069)</b>
Taxation	10	(6)	15
<b>Surplus/(deficit) on continuing operations after depreciation of assets at valuation, disposal of assets and tax</b>		<b>17,147</b>	<b>(12,054)</b>
Minority interests		(13)	(6)
Surplus for the year transferred to accumulated income in endowment funds		(309)	(473)
<b>Surplus/(deficit) for the year retained within general reserves</b>		<b>16,825</b>	<b>(12,533)</b>

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

## Statement of Group Historical Cost Surpluses and Deficits

for the year ended 31 July 2010

	Note	Year Ended 31 July 2010	Year Ended 31 July 2009
		<b>£000</b>	<b>£000</b>
Surplus/(deficit) on continuing operations before tax, minority interests and transfers to endowments		17,153	(12,069)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount		8,640	6,191
Realisation of property revaluation gains of previous years	22	221	3,512
<b>Historical cost surplus/(deficit) before tax, minority interests and transfers to endowments</b>		<b>26,014</b>	<b>(2,366)</b>
<b>Historical cost surplus/(deficit) after tax, minority interests and transfers to endowments</b>		<b>25,686</b>	<b>(2,830)</b>

## Statement of Group Total Recognised Gains and Losses

for the year ended 31 July 2010

	Note	Year Ended 31 July 2010	Year Ended 31 July 2009
		<b>£000</b>	<b>£000</b>
Surplus/(deficit) on continuing operations after depreciation of assets at valuation, disposal of assets, tax and transfers to endowments		16,825	(12,533)
Unrealised (deficit)/surplus on revaluation of fixed assets	22	(306)	18,302
Appreciation/(depreciation) in market value of endowment asset investments	21	3,127	(2,687)
Appreciation/(depreciation) in market value of fixed asset investments	22	487	(409)
Endowment income increase for year	21	309	473
New endowments less realisations	21	39	(402)
Actuarial gain/(loss) in respect of pension scheme	30	17,096	(21,182)
<b>Total recognised gains/(losses) relating to the period</b>		<b>37,578</b>	<b>(18,438)</b>
<b>Reconciliation</b>			
Opening reserves and endowments		232,882	251,320
Total recognised gains/(losses) for the year		37,578	(18,438)
<b>Closing reserves and endowments</b>		<b>270,460</b>	<b>232,882</b>

# Balance Sheet

as at 31 July 2010

	Note	As at 31 July 2010		As at 31 July 2009	
		Group	University	Group	University
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	12	520,605	506,786	502,434	487,048
Investments	13	6,478	31,199	8,789	34,630
Investment in joint ventures					
Share of gross assets	13	928	-	1,175	-
Share of gross liabilities	13	(709)	-	(956)	-
Investment in associates	13	4,110	-	5,382	-
		<b>531,412</b>	<b>537,985</b>	<b>516,824</b>	<b>521,678</b>
<b>Endowment assets</b>	21	<b>32,556</b>	<b>32,556</b>	29,081	29,081
<b>Debtors: due after more than one year</b>	14	<b>16,661</b>	<b>16,661</b>	17,124	17,124
<b>Current assets</b>					
Stock		492	492	378	378
Assets intended for sale		3,000	3,000	5,200	5,200
Debtors	15	44,343	44,564	40,659	43,468
Investments		56,254	56,253	72,211	72,211
Cash at bank and in hand		33,376	20,492	14,716	1,809
		<b>137,465</b>	<b>124,801</b>	<b>133,164</b>	<b>123,066</b>
Creditors: amounts falling due within one year	16	(102,311)	(101,766)	(109,401)	(111,358)
<b>Net current assets</b>		<b>35,154</b>	<b>23,035</b>	<b>23,763</b>	<b>11,708</b>
<b>Total assets less current liabilities</b>		<b>615,783</b>	<b>610,237</b>	<b>586,792</b>	<b>579,591</b>
Less creditors: amounts falling due after more than one year	17	(89,826)	(89,826)	(92,498)	(92,497)
Less: provisions for liabilities	19	(3,790)	(3,785)	(14,818)	(14,818)
<b>Total net assets excluding pension liability</b>		<b>522,167</b>	<b>516,626</b>	<b>479,476</b>	<b>472,276</b>
<b>Net pension liability</b>	30	<b>(58,321)</b>	<b>(58,321)</b>	<b>(73,915)</b>	<b>(73,915)</b>
<b>Total net assets including pension liability</b>		<b>463,846</b>	<b>458,305</b>	<b>405,561</b>	<b>398,361</b>

	Note	As at 31 July 2010		As at 31 July 2009	
		Group	University	Group	University
		£000	£000	£000	£000
<b>Deferred capital grants</b>	20	<b>193,525</b>	<b>193,525</b>	172,756	172,756
<b>Endowments</b>					
Expendable	21	2,955	2,955	2,604	2,604
Permanent	21	29,601	29,601	26,477	26,477
		<b>32,556</b>	<b>32,556</b>	<b>29,081</b>	<b>29,081</b>
<b>Reserves</b>					
Revaluation reserve	22	204,758	204,833	213,438	212,190
Pension reserve	30	(58,321)	(58,321)	(73,915)	(73,915)
General reserve	23	91,467	85,712	64,278	58,249
		<b>237,904</b>	<b>232,224</b>	<b>203,801</b>	<b>196,524</b>
<b>Minority interests</b>		<b>(140)</b>	<b>-</b>	<b>(77)</b>	<b>-</b>
<b>Total funds</b>		<b>463,846</b>	<b>458,305</b>	<b>405,561</b>	<b>398,361</b>

The financial statements on pages 54 to 73 were approved by the Council on 22 November 2010 and were signed on its behalf by:-

Mr D Young, Treasurer  
 Professor K Burnett, Vice-Chancellor  
 Mr R Rabone, Director of Finance  
 The University of Sheffield

# Consolidated Cash Flow Statement

for the year ended 31 July 2010

	Note	Year Ended 31 July 2010	Year Ended 31 July 2009
		£000	£000
Net cash inflow from operating activities	25	25,391	30,421
Returns on investments and servicing of finance	26	(3,704)	(1,735)
Taxation	10	(6)	15
Capital expenditure and financial investment	27	(15,997)	(8,657)
Management of liquid resources		15,957	(17,226)
Financing	28	(2,671)	(2,641)
<b>Increase in cash in the period</b>	<b>29</b>	<b>18,971</b>	<b>177</b>

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

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
(Decrease)/increase in short term deposits	(15,957)	17,226
Increase in cash at bank and call accounts	18,971	177
<b>Total increase in cash and liquid resources</b>	<b>3,013</b>	<b>17,403</b>

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

	Note	Year Ended 31 July 2010	Year Ended 31 July 2009
		£000	£000
Increase in cash for the year		18,971	177
Change in short term deposits		(15,957)	17,226
Change in debt		2,671	2,642
<b>Movement in net funds/(debt) in the year</b>		<b>5,684</b>	<b>20,045</b>
Net debt at 1 August		(4,149)	(24,194)
<b>Net funds/(debt) at 31 July</b>	<b>29</b>	<b>1,535</b>	<b>(4,149)</b>

# Notes to the Accounts

## Note 1 Funding Council Grants

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
Recurrent Grant	113,081	112,217
Specific grants		
Training & Development Agency for Schools grant	920	1,080
Higher Education Innovation fund	1,806	1,831
Teaching Quality Enhancement fund	32	712
Centre for Teaching and Learning	894	873
Overseas Research Students award scheme	268	383
HEFCE Matched Funding	1,117	168
Other	736	775
Deferred capital grants released in year		
Buildings (Note 20)	5,125	12,458
Equipment (Note 20)	1,796	2,109
	<b>125,775</b>	<b>132,606</b>

## Note 2 Tuition Fees and Education Contracts

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
Home full-time undergraduate students	42,906	37,794
Home full-time postgraduate students	8,124	7,695
Home part-time students	3,149	2,660
Overseas students	48,301	40,515
NHS education contracts	8,645	8,678
Research training support grants and other fees	15,697	15,019
	<b>126,822</b>	<b>112,361</b>

## Note 3 Research Grants and Contracts

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
Research councils	40,859	41,464
UK-based charities	12,199	12,740
European Commission	12,433	11,393
Other grants and contracts	28,925	27,692
Release from deferred capital grants (Note 20)	4,332	4,435
	<b>98,748</b>	<b>97,724</b>

## Note 4 Other Income

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
Residences, catering and conferences	15,745	17,536
Other services rendered	18,621	16,503
Health authorities	7,494	8,021
Releases from deferred capital grants (Note 20)	3,654	5,954
Other income	10,140	8,509
Income from joint ventures	318	387
	<b>55,972</b>	<b>56,910</b>

## Notes to the Accounts

## Note 5 Endowment and Investment Income

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
Income from expendable endowments (Note 21)	185	294
Income from permanent endowments (Note 21)	648	690
Other investment income	778	3,081
	<b>1,611</b>	<b>4,065</b>

## Note 6 Staff

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
Staff costs:		
Wages and salaries	170,965	175,920
Social security costs	13,976	14,466
Other pension costs (Note 30)	33,246	31,752
	<b>218,186</b>	<b>222,138</b>
Emoluments of the Vice-Chancellor included above for the period 1 August 2009 to 31 July 2010		Restated
Salary	251	248
Benefits in kind	4	4
	255	252
Pension contributions	39	35
	<b>294</b>	<b>287</b>

Salary is the contractual salary before adjusting for salary sacrifice. The previous year's figures have been restated to be on this basis.

Information relating to the Vice-Chancellor's expenses claims paid in the financial year 2009–10 is available from the University's Freedom of Information Publication Scheme website.

## Note 6 Staff (continued)

	Year Ended 31 July 2010	Year Ended 31 July 2009
	Number	Restated Number
Remuneration of other Higher Paid Staff, excluding employer's pension contributions but including payments made on behalf of the NHS in respect of its contractual obligations to University staff under separate NHS contracts of employment, are shown below.		
£100,000 – £109,999	17	20
£110,000 – £119,999	16	17
£120,000 – £129,999	14	7
£130,000 – £139,999	11	12
£140,000 – £149,999	11	12
£150,000 – £159,999	4	8
£160,000 – £169,999	8	2
£170,000 – £179,999	1	2
£180,000 – £189,999	4	2
£190,000 – £199,999	-	1
£200,000 – £209,999	1	1
£210,000 – £219,999	1	2
£220,000 – £229,999	1	-
£230,000 – £239,999	-	-
£240,000 – £249,999	-	1
£250,000 – £259,999	1	1

## Note 6 Staff (continued)

	Year Ended 31 July 2010	Year Ended 31 July 2009
	Full Time Equivalents	Full Time Equivalents
Academic	1,901	1,970
Academic services	465	446
Central administration and services	494	498
Premises	396	397
Research, grants and contracts	1,402	1,431
Residences, catering and conferences	190	201
Staff and student facilities	135	138
	<b>4,983</b>	<b>5,081</b>

## Note 7 Other Operating Expenses

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
Consumables and laboratory expenditure	12,356	11,703
Books and periodicals	3,357	3,155
Printing, stationery and postage	3,982	3,521
Rates	1,012	828
Fellowships, scholarships, bursaries and prizes	31,627	26,088
Furniture and equipment	9,559	9,073
Heat, light, water and power	8,472	11,401
Repairs and general maintenance	7,711	8,979
Grants to University of Sheffield students' union	2,272	1,860
Rents	6,095	8,474
Auditors' remuneration	78	80
Auditors' remuneration in respect of non-audit services	82	110
Professional fees and bought in services	11,367	11,672
Bad & doubtful debts	(574)	370
Administrative expenses	5,694	5,520
Travel and subsistence expenses	7,844	8,694
Payments to non-contracted staff	7,134	8,487
Conference and meeting expenditure	1,272	1,576
Professional subscriptions	1,206	1,524
Restructuring costs and redundancy payments	416	601
Voluntary severance payments	-	10,675
Impairment of building held for resale	2,200	1,604
Other expenses	6,930	2,061
	<b>130,092</b>	<b>138,056</b>

Auditors' remuneration for the University of Sheffield is £59,925 (2009: £57,287).

Travel and subsistence expenses includes £1,979 paid to members of the University Council (2009: £621).

No remuneration was paid to members of the University Council in the year (2009: £0).

The provision for bad and doubtful debts as at 31 July 2010 was £2,359,000.

## Notes to the Accounts

## Note 8 Interest Payable and Similar Charges

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
Loans wholly repayable within five years	-	35
Loans not wholly repayable within five years	5,312	5,763
Finance leases	3	2
Finance pension costs	3,207	2,301
	<b>8,522</b>	<b>8,101</b>

## Note 9 Analysis of 2009–10 Expenditure by Activity

	Staff Costs	Operating Expenses	Dep'n	Interest Payable	Total
	£000	£000	£000	£000	£000
Academic departments	109,092	23,485	3,765	-	136,342
Academic services	14,104	9,628	1,097	-	24,829
Central administration and services	16,157	12,171	1,163	-	29,491
General educational expenditure	3,408	17,173	-	-	20,581
Staff and student facilities	4,413	3,864	-	47	8,324
Research grants and contracts	47,226	21,849	4,532	-	73,607
Residences, catering and conferences	5,194	11,972	1,743	3	19,997
Premises	9,765	18,011	20,716	8,472	56,964
Other expenses	8,827	11,939	287	-	19,969
	<b>218,186</b>	<b>130,092</b>	<b>33,303</b>	<b>8,522</b>	<b>390,104</b>

The depreciation charge has been funded by:

Deferred capital grants released	14,907
Revaluation reserve released (Note 22)	8,640
General income	9,756
	<b>33,303</b>

## Note 10 Taxation

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
Current tax	15	12
Prior year overprovision	(12)	(28)
Prior year deferred tax	-	21
Deferred tax	3	(20)
United Kingdom Corporation Tax – Group	<b>6</b>	<b>(15)</b>

No provision has been made for deferred taxation on the revaluation reserve relating to the potential profits in the University Group following the intra-group transfer of certain properties in the year to 31 July 2005.

Profits on sale of the properties will arise in Escafeld Estates Limited. They will be paid in total to the University under a Deed of Covenant, reducing profits chargeable to tax to nil. No tax liability is therefore expected to crystallise within the group.

## The full potential liability to tax if the Deed of Covenant were not in place is disclosed below.

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
	<b>2,724</b>	<b>2,760</b>

## Note 11 Surplus/(Deficit) on Continuing Operations for the Period

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
University's surplus/(deficit) for the period before loss on disposal of fixed assets	17,713	(9,787)
Loss on disposal of fixed assets and investments	(1,196)	(565)
Consolidation of subsidiary companies	794	(451)
Group surplus/(deficit) for the period	<b>17,310</b>	<b>(10,803)</b>
Share of associates' and joint ventures' deficit	(157)	(1,266)
Surplus/(deficit) on continuing operations before tax	<b>17,153</b>	<b>(12,069)</b>

**Note 12 Tangible Assets (Consolidated)**

	Land and Buildings			Equipment		Total
	Freehold	Long Leasehold	Assets in Course of Construction	Equipment	Leased Equipment	
	£000	£000	£000	£000	£000	£000
<b>Valuation/Cost</b>						
At 1 August 2009						
Valuation	438,369	37,482	-	960	-	476,811
Cost	7,004	189	18,450	92,148	4,869	122,660
Additions at cost	7,816	1,083	38,191	5,934	-	53,024
Transfers	4,806	189	(7,247)	2,252	-	-
Gain on revaluation	4,883	20	-	-	-	4,903
Loss on revaluation	(7,602)	(215)	-	-	-	(7,817)
Disposals						
Valuation	(395)	-	-	-	-	(395)
Cost	-	-	-	(1,672)	(2,518)	(4,190)
<b>At 31 July 2010</b>						
<b>Valuation</b>	<b>435,255</b>	<b>37,287</b>	<b>-</b>	<b>960</b>	<b>-</b>	<b>473,502</b>
<b>Cost</b>	<b>19,626</b>	<b>1,461</b>	<b>49,394</b>	<b>98,662</b>	<b>2,351</b>	<b>171,494</b>
<b>Depreciation</b>						
At 1 August 2009						
Charge for year	19,362	2,112	-	10,648	6	32,128
Impairment Write down	1,175	-	-	-	-	1,175
Revaluation	(2,504)	(104)	-	-	-	(2,608)
Eliminated on disposals	(12)	-	-	(811)	(2,518)	(3,341)
<b>At 31 July 2010</b>						
<b>43,683</b>	<b>2,174</b>	<b>-</b>	<b>76,202</b>	<b>2,332</b>	<b>124,391</b>	
<b>Net Book Value</b>						
At 31 July 2010						
<b>411,198</b>	<b>36,574</b>	<b>49,394</b>	<b>23,420</b>	<b>19</b>	<b>520,605</b>	
At 1 August 2009						
<b>419,711</b>	<b>37,505</b>	<b>18,450</b>	<b>26,743</b>	<b>25</b>	<b>502,434</b>	

**Note 12 Tangible Assets (University)**

	Land and Buildings			Equipment		Total
	Freehold	Long Leasehold	Assets in Course of Construction	Equipment	Leased Equipment	
	£000	£000	£000	£000	£000	£000
<b>Valuation/Cost</b>						
At 1 August 2009						
Valuation	424,672	35,586	-	960	-	461,218
Cost	7,004	189	18,450	91,900	4,869	122,412
Additions at cost	7,816	1,083	38,191	5,907	-	52,997
Transfers	4,806	189	(7,247)	2,252	-	-
Gain on revaluation	4,883	20	-	-	-	4,903
Loss on revaluation	(6,609)	(215)	-	-	-	(6,824)
Disposals						
Valuation	(175)	-	-	-	-	(175)
Cost	-	-	-	(1,672)	(2,518)	(4,190)
<b>At 31 July 2010</b>						
<b>Valuation</b>	<b>422,771</b>	<b>35,391</b>	<b>-</b>	<b>960</b>	<b>-</b>	<b>459,122</b>
<b>Cost</b>	<b>19,626</b>	<b>1,461</b>	<b>49,394</b>	<b>98,387</b>	<b>2,351</b>	<b>171,219</b>
<b>Depreciation</b>						
At 1 August 2009						
Charge for year	19,015	2,112	-	10,614	6	31,747
Impairment write down	1,175	-	-	-	-	1,175
Revaluation	(2,504)	(104)	-	-	-	(2,608)
Eliminated on disposals	(12)	-	-	(811)	(2,518)	(3,341)
<b>At 31 July 2010</b>						
<b>42,967</b>	<b>2,174</b>	<b>-</b>	<b>76,082</b>	<b>2,332</b>	<b>123,555</b>	
<b>Net Book Value</b>						
At 31 July 2010						
<b>399,430</b>	<b>34,678</b>	<b>49,394</b>	<b>23,265</b>	<b>19</b>	<b>506,786</b>	
At 1 August 2009						
<b>406,383</b>	<b>35,609</b>	<b>18,450</b>	<b>26,581</b>	<b>25</b>	<b>487,048</b>	

## Notes to the Accounts

## Note 13 Fixed Asset Investments

	As at 31 July 2010		As at 31 July 2009	
	Group	University	Group	University
	£000	£000	£000	£000
Balance at 1 August	14,389	34,630	13,013	34,917
Additions	1	-	2,878	2,878
Disposals	(17)	(4)	-	-
Investment return on Escafield Estates Limited	-	(1,132)	-	(1,564)
Loans to associate companies	17	17	(30)	(30)
Appreciation/(depreciation) on revaluation	514	514	(428)	(428)
Other net losses	(4,097)	(2,826)	(1,044)	(1,143)
<b>Balance at 31 July</b>	<b>10,807</b>	<b>31,199</b>	<b>14,389</b>	<b>34,630</b>
<b>Represented by:</b>				
Fixed interest stocks	1,480	1,480	1,582	1,582
Unit trusts/property trusts	22	22	50	50
Equities	4,092	4,092	3,767	3,767
Equities – group holdings	4,428	24,820	8,289	28,530
Loans to associate companies	712	712	695	695
Cash	73	73	6	6
<b>Total fixed asset investments</b>	<b>10,807</b>	<b>31,199</b>	<b>14,389</b>	<b>34,630</b>
<b>Fixed interest and equities at cost and bank balances</b>	<b>3,161</b>	<b>27,398</b>	<b>3,121</b>	<b>30,053</b>

**Investments in joint ventures and associates**

The institution has shareholdings in joint ventures and associates as detailed in Note 33. These are treated as joint ventures and are accounted for using the gross equity method, such that the appropriate percentage of the companies' gross assets and liabilities are incorporated into the consolidated balance sheet of the University and the appropriate percentage of net income is reported in the University's consolidated Income and Expenditure account. The impact of the joint ventures upon the consolidated accounts is not material.

## Note 14 Debtors: Amounts Falling Due After One Year:

	As at 31 July 2010		As at 31 July 2009	
	Group	University	Group	University
	£000	£000	£000	£000
Prepayment: capital contribution to residences project	16,661	16,661	17,124	17,124

## Note 15 Debtors: Amounts Falling Due Within One Year:

	As at 31 July 2010		As at 31 July 2009	
	Group	University	Group	University
	£000	£000	£000	£000
Debtors	38,758	39,079	34,393	31,550
Amounts owed by subsidiary undertakings	-	-	-	3,982
Prepayment: capital contribution to residences project	463	463	463	463
Other prepayments and accrued income	5,122	5,022	7,473	7,473
	<b>44,343</b>	<b>44,564</b>	<b>42,329</b>	<b>43,468</b>

#### Note 16 Creditors: Amounts Falling Due Within One Year

	As at 31 July 2010		As at 31 July 2009	
	Group	University	Group	University
	£000	£000	£000	£000
Bank loans and overdrafts	2,665	2,665	2,665	2,665
Payments received in advance	51,604	51,119	62,917	62,917
Creditors	28,369	28,499	27,439	26,821
Amounts owed to subsidiary undertakings	-	-	-	2,575
Social security and other taxation payable	4,808	4,808	5,011	5,011
Accruals	14,844	14,669	11,363	11,363
Obligations under finance leases	6	6	6	6
Corporation tax	15	-	-	-
	<b>102,311</b>	<b>101,766</b>	<b>109,401</b>	<b>111,358</b>

#### Note 17 Creditors: Amounts Falling Due After More Than One Year

	As at 31 July 2010		As at 31 July 2009	
	Group	University	Group	University
	£000	£000	£000	£000
<b>Unsecured loans repayable:-</b>				
Between one and two years	2,665	2,665	2,665	2,665
Between two and five years	8,004	8,004	8,004	8,004
In five years or more	79,144	79,144	81,810	81,810
<b>Finance leases repayable:-</b>				
Between one and two years	6	6	6	6
Between two and five years	7	7	13	13
	<b>89,826</b>	<b>89,826</b>	<b>92,498</b>	<b>92,498</b>

#### Note 18 Borrowings

##### Summary of University Borrowing at 31 July 2010

Institution	Date	Term	Type	Interest	Due within	Due in more
					one year	than one year
					£000	£000
Unifund Plc	31 May 2007	40 years	Private placement	Fixed – 5.3300%	-	59,737
Lloyds TSB Plc	30 November 2007	15 years	Term loan	Fixed – 5.4750% Variable – 0.8534%	2,665	30,076
					<b>2,665</b>	<b>89,813</b>

Amounts due within one year are included within bank loans and overdrafts in Note 16. Amounts due in more than one year are included in Note 17.

#### Note 19 Provisions for Liabilities and Charges

	Retirement Costs	Other	Total
	£000	£000	£000
At 1 August 2009	3,000	11,818	14,818
Utilised in year	(804)	(10,797)	(11,601)
Transfer from income and expenditure account	27	546	573
<b>At 31 July 2010</b>	<b>2,223</b>	<b>1,567</b>	<b>3,790</b>

The provision for early retirement is the estimated liability that will arise from agreed early retirements under the University's restructuring arrangements. Other provisions utilised in the year is mainly payments under the Voluntary Severance Scheme. In addition other provisions includes the final disposal costs of sealed sources disposal costs as defined by the High Activity Sealed Source Regulations of 2005 (SI2005 No. 2686). The current estimates for the provision are £1,500 for the disposal of a large Sr-90 source and £101,800 for the disposal of two Cs-137 blood irradiators. These provisions will be reviewed on a biennial basis. The above provisions include an amount in relation to potential contractual claims.

## Notes to the Accounts

## Note 20 Deferred Capital Grants

	Funding Council	Other Grants & Benefactions	Total
	£000	£000	£000
Balance at 1 August 2009			
Buildings	89,104	56,191	145,295
Equipment	14,697	12,764	27,461
<b>Total</b>	<b>103,801</b>	<b>68,955</b>	<b>172,756</b>
Cash received			
Buildings	30,300	1,036	31,336
Equipment	1,541	2,799	4,340
<b>Total</b>	<b>31,841</b>	<b>3,835</b>	<b>35,676</b>
Released to income and expenditure			
Buildings (Notes 1, 3 and 4)	(5,125)	(2,992)	(8,117)
Equipment (Notes 1, 3 and 4)	(1,796)	(4,994)	(6,790)
<b>Total</b>	<b>(6,921)</b>	<b>(7,986)</b>	<b>(14,907)</b>
<b>At 31 July 2010</b>			
Buildings	114,279	54,235	168,514
Equipment	14,442	10,569	25,011
<b>Total</b>	<b>128,721</b>	<b>64,804</b>	<b>193,525</b>

## Note 21 Endowments

	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	Total Year Ended 31 July 2010
	£000	£000	£000	£000	£000
<b>Balances at 1 August 2009</b>					
Capital	5,608	17,261	22,869	2,122	24,991
Accumulated income	-	3,608	3,608	482	4,090
	<b>5,608</b>	<b>20,869</b>	<b>26,477</b>	<b>2,604</b>	<b>29,081</b>
New endowments received	-	24	24	15	39
Investment income (Note 5)	222	426	648	185	833
Expenditure	(222)	(169)	(391)	(133)	(524)
Realisations	-	-	-	-	-
Increase in market value	597	2,246	2,843	284	3,127
<b>At 31 July 2010</b>	<b>6,205</b>	<b>23,396</b>	<b>29,601</b>	<b>2,955</b>	<b>32,556</b>
<b>Representing:</b>					
Fellowships and scholarship funds	-	10,191	10,191	1,757	11,948
Prize funds	-	910	910	444	1,354
Chairs and lectureship funds	-	3,311	3,311	167	3,478
Other funds	6,205	8,984	15,189	587	15,776
	<b>6,205</b>	<b>23,396</b>	<b>29,601</b>	<b>2,955</b>	<b>32,556</b>
<b>Represented by:</b>					
Capital	6,205	19,541	25,746	2,412	28,158
Accumulated income	-	3,855	3,855	543	4,398
	<b>6,205</b>	<b>23,396</b>	<b>29,601</b>	<b>2,955</b>	<b>32,556</b>

## The value of Endowment Asset Investments at 31 July 2010 was represented by:-

Fixed interest stocks	8,267
Unit trusts/property trusts	404
Equities	19,340
Land and property	37
Bank balances	4,508
<b>Total endowment assets</b>	<b>32,556</b>

### Note 22 Revaluation Reserve

	As at 31 July 2010		As at 31 July 2009		
	Group	University	Group	University	
	£000	£000	£000	£000	
Balance at 1 August	- Tangible assets	210,100	209,205	201,501	200,283
	- Investments	3,338	2,985	3,747	3,394
		<b>213,438</b>	<b>212,190</b>	205,248	203,677
Revaluation in year	- Tangible assets	(306)	687	18,302	18,302
	- Investments	487	487	(409)	(409)
Released to income and expenditure account on sale of tangible asset		(221)	(166)	(3,512)	(3,484)
Contribution to depreciation		(8,640)	(8,365)	(6,191)	(5,896)
Balance at 31 July	- Tangible assets	200,933	201,361	210,100	209,205
	- Investments	3,825	3,472	3,338	2,985
		<b>204,758</b>	<b>204,833</b>	213,438	212,190

### Note 23 General Reserve

	As at 31 July 2010		As at 31 July 2009	
	Group	University	Group	University
	Balance at 1 August	64,278	58,249	65,660
Surplus/(deficit) after depreciation of assets	16,825	17,429	(12,533)	(10,392)
Release from revaluation reserve	8,861	8,531	9,703	9,379
	<b>89,965</b>	<b>84,209</b>	62,831	56,841
Add back pension deficit	1,502	1,502	1,447	1,447
Unrealised profit on disposal of fixed assets	-	-	-	(39)
<b>Balance at 31 July</b>	<b>91,467</b>	<b>85,711</b>	64,278	58,249

### Note 24 Pension Reserve

	As at 31 July 2010		As at 31 July 2009	
	Group	University	Group	University
	Balance at 1 August	(73,915)	(73,915)	(51,286)
Actuarial gain/(loss) in respect of pension scheme	17,096	17,096	(21,182)	(21,182)
Less pension deficit from general reserve	(1,502)	(1,502)	(1,447)	(1,447)
<b>Balance at 31 July</b>	<b>(58,321)</b>	<b>(58,321)</b>	(73,915)	(73,915)

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

	Year Ended	Year Ended
	31 July 2010	31 July 2009
	£000	£000
Surplus/(deficit) before tax	16,831	(12,548)
Depreciation (Note 12)	37,401	45,221
Write down of assets held for resale	2,200	-
Loss on disposal of assets	192	565
Deferred capital grants released to income (Note 20)	(14,907)	(24,955)
Pension costs less contributions payable	1,502	1,447
Investment income	(1,611)	(4,065)
Interest payable	5,315	5,800
Increase in stocks	(114)	27
(Increase)/decrease in debtors	(3,222)	3,301
(Decrease)/increase in creditors	(7,168)	5,816
(Decrease)/increase in provisions	(11,028)	9,812
<b>Net cash inflow from operating activities</b>	<b>25,391</b>	<b>30,421</b>

## Notes to the Accounts

## Note 26 Returns on Investments and Servicing of Finance

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
Income from endowments	833	1,139
Income from short-term investments	778	2,926
Interest paid	(5,315)	(5,800)
<b>Net cash outflow from returns on investments And servicing of finance</b>	<b>(3,704)</b>	<b>(1,735)</b>

## Note 27 Capital Expenditure and Financial Investment

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
Tangible assets acquired	(53,022)	(32,602)
Fixed asset investments acquired	(17)	(2,878)
Endowment asset investments acquired	(39)	(371)
<b>Total fixed and endowment asset investments acquired</b>	<b>(53,078)</b>	<b>(35,851)</b>
Receipts from sales of fixed assets	1,057	4,191
Deferred capital grants received	35,676	22,454
Utilisation of endowment fund balances	309	178
Endowments received	39	371
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(15,997)</b>	<b>(8,657)</b>

## Note 28 Analysis of Changes in Financing During the Year

	Finance Leases	Mortgages & Loans	Total
	£000	£000	£000
Balance at 1 August 2008	-	97,810	97,810
New leases/loans	29	-	29
Capital repayments	(4)	(2,666)	(2,670)
<b>Net amount released in year</b>	<b>25</b>	<b>(2,666)</b>	<b>(2,641)</b>
Balance at 31 July 2009	25	95,144	95,169
New leases/loans	-	-	-
Capital repayments	(6)	(2,665)	(2,671)
<b>Net amount released in year</b>	<b>(6)</b>	<b>(2,665)</b>	<b>(2,671)</b>
<b>Balance at 31 July 2010</b>	<b>19</b>	<b>92,479</b>	<b>92,498</b>

## Note 29 Analysis of Changes in Net Debt

	At 1 August 2009	Cash Flows	Other Changes	At 31 July 2010
	£000	£000	£000	£000
Cash at bank and in hand				
Endowment assets	4,092	309	-	4,401
Other	13,824	1,863	-	15,687
Deposits repayable on demand	892	16,797	-	17,689
<b>Total cash at bank and in hand</b>	<b>18,808</b>	<b>18,969</b>	<b>-</b>	<b>37,777</b>
Short-term deposits	72,211	(15,957)	-	56,254
Debt due within one year	(2,671)	-	-	(2,671)
Debt due after one year	(92,498)	2,666	6	(89,826)
<b>Total</b>	<b>(4,150)</b>	<b>5,678</b>	<b>6</b>	<b>1,534</b>

# Notes to the Accounts

## Note 30 Pension Schemes

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

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

The two main schemes, being USS and USPS, are both defined-benefit schemes contracted out of the State Second Pension (S2P) the assets of which are held in separate trustee-administered funds.

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

The total pension cost to the University was:

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
USS	25,487	23,939
USPS including FRS 17 adjustments	6,044	6,172
Other Pension Schemes	1,715	1,641
	<b>33,246</b>	<b>31,752</b>

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

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

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

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2010 are also included in this note.

## Note 30 Pension Schemes (continued)

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

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

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

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

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7 per cent per annum (compared to 2 per cent per annum for the technical provisions) giving a discount rate of 6.1 per cent per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

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

Since 31 March 2008 global investment markets have continued to fluctuate and at 31 March 2010 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103 per cent to 91 per cent (a deficit of £3,065m). Compared to the previous 12 months, the funding level has improved from 74 per cent (as at 31 March 2009) to 91 per cent. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the two years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumptions which in turn impacts on the salary and pension increase assumptions).

# Notes to the Accounts

## Note 30 Pension Schemes (continued)

On the FRS17 basis, using a AA bond discount rate of 5.6 per cent per annum based on spot yields, the actuary estimated that the funding level at 31 March 2010 was 80 per cent. An estimate of the funding level measured on a buy-out basis at that date was approximately 57 per cent.

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

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme. The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2010, USS had over 135,000 active members and the institution had 2,843 active members participating in the scheme.

The total pension cost for the institution was £25,487m (2008–09 £23,939m). The contribution rate payable by the institution from 1 October 2009 onwards was 16 per cent of pensionable salaries. During the financial year 2009–10 the University continued to participate in a salary sacrifice scheme, which resulted in higher employer contributions to the pension scheme as they included the contributions that would previously have been paid by employees.

### FRS 17 (Retirement Benefits)

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

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

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

#### FRS 17 (Retirement Benefits) Disclosure for the accounting period ending 31 July 2010 University of Sheffield Pension Scheme

- The University operates a final salary defined benefit pension scheme that non-academic employees of the University can participate in, called the University of Sheffield Pension Scheme. The scheme is externally funded and is contracted out of the state second tier of pension provision.
- The last formal actuarial valuation of the scheme was performed as at 1 April 2008 by a professionally qualified actuary and the next valuation is due no later than 1 April 2011.
- During the accounting period, the University paid contributions to the pension scheme at the rate of 21.6 per cent of pensionable salaries. The University has also contributed the Salary Sacrifice amount, 6.8 per cent of pensionable salaries, for each Non-Contributory member (i.e. those participating in the Salary Sacrifice arrangement). Except for Non-Contributory members, members were required to contribute 6.8 per cent of pensionable salaries.
- The University also provides ex-gratia pension benefits to certain employees and former employees who previously did not join other pension arrangements. Ex-gratia benefits have now ceased accruing for all such employees. The University currently pays ex-gratia pensions of £427,000 pa. These liabilities are not separately funded.

## Note 30 Pension Schemes (continued)

### Assumptions

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

	At 31 July 2010 % pa	At 31 July 2009 % pa
Price Inflation (RPI)	3.30	3.70
Price Inflation (CPI)	2.60	n/a
Rate of increase in salaries	4.55	4.95
Rate of increase of pensions in payment *	3.30	3.70
Increases to deferred pensions before retirement	3.30	3.70
Discount rate	5.4	6

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

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	Males		Females	
	Pensioner	Non-pensioner (currently aged 45)	Pensioner	Non-pensioner (currently aged 45)
At 31 July 2009	20.7	22.6	23.2	25
At 31 July 2010	20.7	22.6	23.2	25

### 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 2010	Fair value as at 31 July 2009	Fair value as at 31 July 2008
	£000	£000	£000
Equities	78,283	64,572	66,343
Property	6,894	2,619	2,542
Corporate Bonds	1,155	1,775	1,749
Government Bonds	4,195	6,734	6,802
Cash	2,718	3,155	6,031
<b>Total</b>	<b>93,245</b>	<b>78,855</b>	<b>83,467</b>

### Note 30 Pension Schemes (continued)

The weighted average expected long-term rates of return were:

	31 July 2010 % pa	31 July 2009 % pa	31 July 2008 % pa
	7.51	7.84	7.88

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 £151.6m and £0m of the total assets

	Year to 31 July 2010	Year to 31 July 2009
	£000	£000
<b>Analysis of the amount shown in the balance sheet for USPS and ex-gratia pensions:</b>		
Scheme assets	93,245	78,855
Scheme liabilities	(151,566)	(152,770)
<b>Deficit in the scheme – net pension liability</b>	<b>(58,321)</b>	<b>(73,915)</b>
<b>Analysis of the amount charged to staff costs within operating surplus for USPS:</b>		
Current service cost	6,286	6,365
Past service costs	58	107
<b>Total operating charge:</b>	<b>6,344</b>	<b>6,472</b>
<b>Analysis of the amount charged to interest payable/credited to other finance income for USPS and ex-gratia pensions</b>		
Interest cost	9,129	8,67
Expected return on assets	(6,222)	(6,676)
<b>Net charge to other finance income</b>	<b>2,907</b>	<b>2,001</b>
<b>Total profit and loss charge before deduction for tax</b>	<b>9,251</b>	<b>8,473</b>
<b>Analysis of amounts recognised in STRGL for USPS and ex-gratia pensions:</b>		
(Gain)/loss on assets	(7,769)	13,802
Experience loss on liabilities	(169)	(2,211)
Loss on liabilities	7,122	9,591
Past service credit arising on change of pension increase assumption	(16,280)	-
<b>Total (gain)/loss recognised in STRGL before deduction for tax</b>	<b>(17,096)</b>	<b>21,182</b>

### Note 30 Pension Schemes (continued)

In its June 2010 budget, the government announced that it intended for future increases in occupational pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The University has considered the USPS scheme rules and associated members' literature and has concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). At the date of these statements, the Urgent Issues Task Force (UITF) is in the process of consulting widely on the accounting treatment for this change and is expected to issue an Abstract towards the end of 2010. Should the Abstract call for a different accounting treatment it may be necessary to reflect any change in the financial statements for the following year.

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

	Year to 31 July 2010	Year to 31 July 2009	Year to 31 July 2008	Year to 31 July 2007	Year to 31 July 2006
	£000	£000	£000	£000	£000
<b>Difference between actual and expected return on scheme assets:</b>					
Amount (£000)	(7,769)	13,802	18,189	(769)	(3,725)
% of assets at end of year	8%	18%	22%	-1%	-5%
<b>Experience (gains)/losses on scheme liabilities:</b>					
Amount (£000)	(169)	(2,211)	39	276	2,068
% of liabilities at end of year	3%	2%	1%	5%	2%

	At 31 July 2010	At 31 July 2009
	£000	£000
<b>Cumulative actuarial loss recognised in the Statement of Total Recognised Gains and Losses for USPS and ex-gratia pensions</b>		
Cumulative actuarial losses recognised at the start of the year	32,983	11,801
Cumulative actuarial losses recognised at the end of the year	15,887	32,983
<b>Analysis of movement in deficit for USPS and ex-gratia pensions</b>		
<b>Deficit at beginning of year</b>	<b>(73,915)</b>	<b>(51,286)</b>
Contributions or benefits paid by University	7,749	7,026
Current service cost	(6,286)	(6,365)
Past service cost	(58)	(107)
Other finance charge	(2,907)	(2,001)
Gain/(loss) recognised in STRGL	17,096	(21,182)
<b>Deficit at end of year</b>	<b>(58,321)</b>	<b>(73,915)</b>

## Notes to the Accounts

## Note 30 Pension Schemes (continued)

	Year to 31 July 2010	Year to 31 July 2009
	£000	£000
<b>Analysis of movement in the present value of USPS and ex-gratia liabilities</b>		
Present value of USPS and ex-gratia liabilities at the start of the year	152,770	134,753
Current service cost (net of member contributions)	6,286	6,365
Past service cost	58	107
Interest cost	9,129	8,677
Actual member contributions (including notional contributions)	209	249
Actuarial (gain)/loss	(9,327)	7,380
Actual benefit payments	(7,559)	(4,761)
<b>Present value of USPS and ex-gratia liabilities at the end of the year</b>	<b>151,566</b>	<b>152,770</b>
<b>Analysis of movement in the fair value of scheme assets</b>		
Fair value of assets at the start of the year	78,855	83,467
Expected return on assets	6,222	6,676
Actuarial gain/(loss) on assets	7,769	(13,802)
Actual contributions paid by the University	7,329	6,619
Actual member contributions (including notional contributions)	209	249
Actual benefit payments	(7,139)	(4,354)
<b>Fair value of scheme assets at the end of the year</b>	<b>93,245</b>	<b>78,855</b>
USPS assets do not include any of the institution's own financial instruments, or any property occupied by the institution.		

	31 July 2010	31 July 2009
	£000	£000
<b>Actual return on scheme assets</b>		
Expected return on scheme assets	6,222	6,676
Asset gain/(loss)	7,769	(13,802)
<b>Actual return on scheme assets</b>	<b>13,991</b>	<b>(7,126)</b>
Estimated contributions for USPS in the financial year 2010–11 is £7,469K.		

## Note 31 Capital Commitments

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
<b>Commitments contracted at 31 July</b>	<b>14,307</b>	<b>32,825</b>

## Note 32 Financial Commitments

Operating lease commitments in respect of buildings and equipment for the 2009–10 financial year, on leases expiring:		
Within one year	78	164
Between two and five years	448	359
Over five years	992	648
	<b>1,518</b>	<b>1,171</b>
The University has derivative financial instruments for the future sale of US dollars and euros that it has not recognised at fair value as follows:		
Forward Extra Transactions (Forward Plus)		
Within one year	(5)	148

A Forward Plus contract is a binding contract which eliminates the premium cost of a standard option contract and provides protection against adverse movement in rates, whilst allowing upside potential up to a pre-agreed trigger rate. If the trigger rate is reached in the underlying spot market in the month prior to expiry the University is locked into exchanging at the pre-agreed protection rate.

As part of the Student Residences Strategy the University entered into a project agreement during 2005–06 with Catalyst Higher Education Sheffield PLC (Catalyst), to build 3,533 new bed spaces, deliver 401 refurbished bed spaces and take over 257 transferred bed spaces. The project will cost £162m and was partly financed by a bond issue by Catalyst of £155m and this project does not form part of the University Balance Sheet. The ownership of the halls of residence have been transferred to Catalyst but under the terms of the land lease will revert to the University after 41 years.

### Note 33 University Companies

<b>Subsidiary companies</b>		
AMRC Management Ltd	76.00%	Advanced manufacturing research
epiGenesys Ltd	100.00%	Custom software solutions and web applications
Escafeld Estates Ltd	100.00%	Property disposal for student residences strategy
Farapack Polymers Ltd	100.00%	Innovative packaging solutions
In-Tend Ltd	75.00%	Procurement software
Knowledge Now Ltd	60.00%	Semantic-based solutions for knowledge sharing
Red Deer Technology Group	100.00%	Engineering consultancy
Risk2Value Ltd	75.00%	Insurance services
Sheffield Advisory Services Ltd	100.00%	University Malaysian office
Sheffield University Enterprises Ltd	100.00%	Commercialisation of University intellectual property
S. Yorkshire Education Services Ltd	100.00%	Training services
<b>Associate companies</b>		
Bethan Ltd	25.00%	Environmental engineering
Bioserv Ltd	20.83%	Biological services
Blastech Ltd	24.88%	Blast, impact and ballistic testing services
Casatomic Ltd	20.00%	Research & analytical services
Conteque Ltd	24.88%	Novel reinforcement systems for structural concrete
EPTEC Ltd	42.00%	Testing services for research & development
Fusion IP plc	23.77%	Commercialisation of intellectual property
Limit State Ltd	25.01%	Computational limit analysis and software design
Material State Ltd	24.96%	Advanced materials testing and analysis
Myscience.co Ltd	25.00%	Provision, maintenance & support of the teaching & learning of science
Rivelin Healthcare	20.49%	Healthcare
Vulcan Solutions Ltd	35.00%	Structural fire engineering software tool
Webelements Ltd	30.00%	Web publications
White Rose Technology Ltd	40.00%	Investment in new technology companies
<b>The University also has an interest in the following joint venture companies:</b>		
N8 Ltd	12.50%	Promotes research and collaborative research between member universities
White Rose Research Ltd	33.33%	Promotes research and collaborative research between member universities
WUN Foundation Ltd	16.70%	Promotes research and distributes e-learning
YHMAN Ltd	12.50%	Procurement, operation and management of a metropolitan area network
Apart from Sheffield Advisory Services Ltd, which is incorporated in Malaysia, all companies are incorporated in Great Britain		

### Note 34 Hardship Funds

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
Balance unspent at 1 August	110	4
Funding Council grants	411	480
Interest earned	1	3
Less: returned to Funding Council	(64)	(2)
	<b>458</b>	<b>485</b>
Disbursed to students	(352)	(372)
Interest used to publicise scheme	(1)	(3)
Audit fees	(52)	-
<b>Balance unspent at 31 July</b>	<b>53</b>	<b>110</b>
Funding Council grants are available solely for students: the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.		

### Note 35 ITT Training Bursaries

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
Balance unspent at 1 August	26	58
TDA grant received	1,156	1,040
	<b>1,182</b>	<b>1,098</b>
Disbursed to students	(1,196)	(1,072)
<b>Balance (overspent)/unspent at 31 July</b>	<b>(14)</b>	<b>26</b>
TDA grants for ITT Bursaries are available solely for students: the University acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.		

## Notes to the Accounts

## Note 36 Minority Ethnic Recruitment

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000	£000
Balance unspent at 1 August	-	4
BME funds received	7	4
	7	8
Expenditure in the year	(3)	(8)
<b>Balance unspent at 31 July</b>	<b>4</b>	<b>-</b>

## Note 37 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 the Council or the senior management team may have an interest. All transactions involving organisations in which a member of the Council or the senior management team may have an interest, including those identified below, are conducted at arms length and in accordance with the University's financial regulations and usual procurement procedures. Transactions with wholly owned subsidiaries which have been consolidated in the Group accounts are not disclosed below, in accordance with the exemption given in FRS8 (Related Party Disclosures). On the grounds of non-materiality, no information has been disclosed for organisations where the income or expenditure was less than £10,000 in the financial year.

Related Party	Income	Expenditure	Balances at 31 July due to/(from) the University	
			£000	£000
<b>University Companies</b>				
Blastech Ltd	(57)	-	-	
Fusion IP plc	(158)	521	(18)	
Knowledge Now Ltd	(4)	54	(4)	
N8 Ltd	(292)	15	-	
Sheffield Advisory Services Ltd	-	97	-	
WUN Foundation Ltd	40	-	-	
YHMAN Ltd	18	-	-	
Yorkshire Universities Ltd	21	-	-	
<b>Organisations and companies in which members of the Council or senior management have an interest:-</b>				
DLA Piper UK LLP	(74)	117	-	Mr P N Firth
Metalysis Ltd	(25)	-	-	Mr A P Pedder
Research Libraries UK	-	10	-	Mr M Lewis
Sheffield Church Burgesses Trust	-	325	-	Mr P W Lee
Sheffield NHS Primary Care Trust	(169)	307	(16)	Mr A P Pedder
Sheffield Teaching Hospitals Foundation Trust	-	2,017	87	Prof. A P Weetman
Yorkshire & the Humber Strategic H.A.	(715)	-	(226)	Mrs K E Riddle

## Note 38 The Council of the University

The following were members of the Council of the University during the financial year:

Mrs K E Riddle (Chairman)

Mrs V Bayliss

Mr C A J Biggin

Professor K Burnett

Mr P N Firth

Professor D P Hornby

Mr A D Kerr

Mr M J Lewis

Professor L Maltby

Mr M Merali

Mr A P Pedder

Mr K Staniforth

Mr O G Stephenson

Mr R Tapp

Mr P Tobin (Deputy: Mr M Bailey)

Professor A P Weetman (Deputy: Professor M J Hounslow)

Professor P E White

Mr B Wrigley

Mr D Young





