



The
University
Of
Sheffield.

To
Discover
And
Understand.

Our Annual Report & Financial Statements 2007–2008.



The University of Sheffield
FIRTH COURT



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Vice-Chancellor's introduction



It is my pleasure to introduce *The University of Sheffield Annual Report and Financial Statements 2007-08* – a period in which the University celebrated international accolades for teaching, research and for the ingenuity and public-spirit of our students.

In this Annual Report you will find evidence of the University's academic strength, as well as the hard work of staff across all faculties. 2007-08 saw individual accomplishment, collective success and the ongoing development of the campus itself. Yet we are mindful of challenges as well as growth, so our attention has also been focused on appropriate decision-making structures and a sound financial position as we plan for the future.

First our successes.

The year began with news that the University had been awarded a fourth Queen's Anniversary Prize for Further and Higher Education recognising outstanding collaboration with industry through the Advanced Manufacturing Research Centre with Boeing. A few months later AMRC partners, who represent most of the world's leading aerospace companies, attended the opening of the £10 million cutting-edge Factory of the Future, a joint initiative with Rolls-Royce focusing on sustainable manufacture.

Research undertaken in 07-08 ranged from the great unanswered questions of the Universe to social problems closer to home. Staff from the department of Physics and

Astronomy joined colleagues from 169 universities from 37 countries to study the fundamental constituents of the Universe at the 27km Large Hadron Collider located at CERN in Geneva. The Sheffield group has been active in all aspects of the experiment, from design and construction through to the analysis of the final data.

Sheffield academics also carried out award-winning studies of climate change and its impact on the Greenland ice sheet, flood management, the prediction of volcanic eruptions and the early treatment of stroke victims. A research team from the Institute for Cancer Studies was named Breast Cancer Campaign's 'Research Team of the Year' and Sheffield researchers carried out major projects for the Department of Health on alcohol pricing and childhood obesity. In our outstanding area of social sciences, research spanned health policy, psychology and neuroscience and the significant expansion of the innovative Old Bailey Proceedings On-line to double its original size, expanding coverage to include details of criminal trials from 1674 to 1913 – or just after the Great Fire to just before the Great War – a unique archive making this fascinating case history available to lawyers, historians and even film-makers from all over the world.

Our students also shone. The Union of Students were named the 'Higher Education Union of the Year' at the first-ever National Union of Students' Awards, and Sheffield Volunteering were feted by volunteering bodies as well as *The Guardian* and *Times Higher Education*. A Sheffield team made it to the finals of *University Challenge*, beating Oxford's

Magdalen College by over 100 points. But perhaps most pleasing of all, the National Student Survey ranked Sheffield third in the Russell Group for the teaching and support of students.

The campus itself also changed significantly in 07-08. The £23 million RIBA award-winning Information Commons opened to offer a 24-hour, state-of-the-art learning environment. Our purpose-built Student Village also welcomed its first cohort of residents to high-quality accommodation built around the Edge, a brand new social hub with restaurants, bars, flexible social space and conferencing.

The School of Clinical Dentistry saw a new £5.2 million extension for enhanced teaching and research facilities in collaboration with the Charles Clifford Dental Hospital. Work also began in earnest on the Jessop Development – new and renovated buildings for the Faculty of Arts and Humanities, including the departments of Music and History, the School of English Literature, Language and Linguistics and the School of Modern Languages and Linguistics.

Looking to the future, it is unclear what impact the international economic downturn will have on the University. However a strong focus on financial prudence led to an operating surplus of circa £12 million – the result of significant efforts by all, and an important base from which to face the future. In addition, in the summer of 2008 I completed a period of internal restructuring around the Faculties and Executive Board to ensure greater academic involvement in central decision-making.

The coming year looks promising. Since the end of the year covered in this Annual Report, we have received the results of the Research Assessment Exercise, last conducted in 2001. I am delighted to say the University of Sheffield was ranked in the top 10 with 93% of academic staff submitted achieving at least 'internationally recognised' status, and in many cases being ranked as 'world leading'. We have also been awarded five prestigious EPSRC Centres for Doctoral Training, either as lead university or as a partner.

Our challenge will be to continue a strong trajectory of research and teaching excellence built on the skills and determination of our outstanding staff and students. I am confident that we will achieve this aim, and offer my heartfelt congratulations to all who have worked so hard to achieve so much.

Professor Keith Burnett

Vice-Chancellor

Chairman's foreword



It has been another year in which the efforts of our staff and students have been recognised by numerous external bodies. We are proud of a number of outstanding achievements this year, including our fourth Queen's Anniversary Prize.

We have a bold vision for the future of our University. In order to get to where we want to be we need to direct our energies as efficiently as possible. In the past year we have made significant progress in this regard.

Changes we've made to the structure of our organisation are helping us to make the most of our resources. We are now more agile, quicker to respond to challenges, better able to grasp opportunities as they arise. This kind of flexibility is essential to achieving our long-term goals as set out in Our Shared Vision.

These are exciting times for us. As we strive to enhance our global reputation for excellence, we continue to play a key role in the future of the city and the region. We're constantly investing in our students – new facilities and new structures within the organisation mean that we're able to enrich the student experience and continue to attract a high calibre of students who will contribute towards the local and regional economy.

At the heart of all our activities are people. As long as we continue to enable our people to do what they do best, I am confident that even in these challenging economic times we will continue to excel and deliver in the ways that have been associated with the University of Sheffield for over one hundred years.

Kathryn Riddle
Chairman



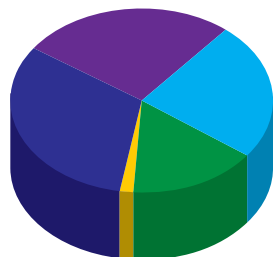
Report of the Treasurer

FINANCIAL REVIEW

Highlights of the year

- Operating surplus of £12.2m (3.2% of income)
- Successful major capital project completions including the Advanced Manufacturing Research Centre (AMRC) Factory of the Future at a cost of £10.0m
- Introduction of the new finance, human resources and payroll system on 1st August 2007
- Continuing affirmation from Standard and Poor's of the University's long term credit rating of AA-/stable

Income (£m)



Funding council grants	£122.1
Tuition fees & education contracts	£101.4
Research grants & contracts	£91.7
Other income	£61.2
Endowment & investment income	£5.4

Financial headlines

- Income growth of 12.7%
- Expenditure growth of 7.6%
- Staff costs increase of 5.2%
- Operating surplus of £12.2m
- Historical cost surplus of £19.7m
- Continued substantial capital investment of £52.4m

These financial statements comply with the new Statement of Recommended Practice: Accounting for Further and Higher Education (SORP), which came into force in August 2007. This has required some restatement of figures for 2006–07 which is most visible in the accounting for endowments and donations.

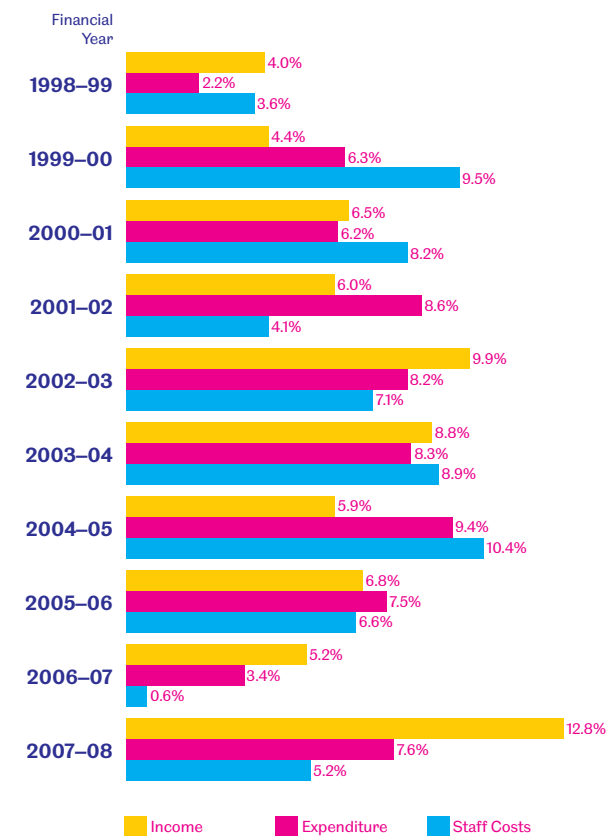
Income and Expenditure Account

The University group has an operating surplus of £12.2m and a historic cost surplus of £19.7m. Total income has increased by 12.7% to £381.7m from £338.7m in 2006–07. Total expenditure has increased by 7.6% to £369.1m from £342.9m in 2006–07.

Funding Council Grants have increased by 7.0% to £122.1m from £114.1m and within that the recurrent grant has increased by 4.7% to £109.6m from £104.7m.

Tuition fees and education contracts have increased by 12.0% to £101.4m from £90.5m. This is the second year of the impact of the introduction of variable fees and these generated £13.4m. Excluding this impact other education contracts increased by 5.0%. The University has continued making concerted efforts to target the changeable overseas student market and has seen an increase in overseas fee income of 17.1% to £34.3m from £29.3m. The contract for diploma nurses has commenced its three year wind down, resulting in a fall in NHS education contracts fee income of 22.2% to £14.0m from £18.0m.

Income, expenditure & staff costs – % growth



Research grants and contracts income has increased by 8.4% to £91.7m from £84.6m. This is due to the increase in awards over the past few years, which are now being realised as income. However, our recent research award numbers have slowed and this will show in the future as a slowing in income growth. In December 2008 the results of the Research Assessment Exercise 2008 (RAE 2008) will be published and these will inform the grant for research funding with effect from 2009–10.

Other operating income has increased by 31.0% to £61.2m from £46.7m. Residences, catering and conferences income has increased by 6.3% to £20.1m as the Student Village project sees the completion of several buildings on the Endcliffe site. Services rendered income has increased by 75.5% to £19.3m from £11.0m. During the financial year the University has reviewed all material services rendered accounts to ensure that income is being correctly accounted for and not deferred into future financial years. This has resulted in income relating to prior years being included in this years Income and Expenditure account. The general other operating income has increased by 49.4% to £11.5m from £7.7m following the introduction of the new finance, HR and payroll system at the start of the financial year which has allowed the University to more accurately and consistently record income streams.

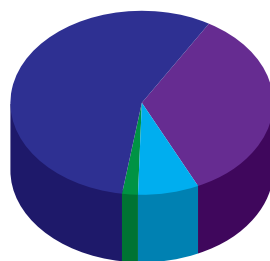
Deferred capital grant income, which is spread amongst various categories of income, has increased by 28.0% to £13.7m from £10.7m as a consequence of several years of partly grant funded capital programme investment.

Staff costs comprise 56.4% of University expenditure and have increased by 5.2% during the financial year to £208.1m. During the year in accordance with the 2006-09 Higher Education national pay agreement, pay increases of 3.0% on 1st August 2007, and at least 3.0% on 1st May 2008 were implemented. This is compounded by the final element of the pay agreement when from 1st October 2008 staff on the University of Sheffield grading scheme received a pay

increase of 5.0% in line with the Retail Price Index for September 2008. The cumulative impact of these awards will continue to put increasing pressure upon controlling the future growth of staff expenditure within the available increases in income.

Other operating expenditure has increased by 8.6% to £127.0m from £116.9m. Heat, light, water and power costs have increased in line with national inflationary pressures. Depreciation has increased by 23.3% to £26.9m from £21.8m which is a consequence of the University's continuing capital spend and which is partially financed by the release of capital grant income referred to above.

Expenditure (£m)



Staff costs	£208.1
Other operating expenses	£127.0
Depreciation	£26.9
Interest payable	£7.1

Balance Sheet

The net assets of the University have increased by 9.0% to £426.4m from £391.2m.

At 31st July 2008 an interim revaluation of the residential estate took place. This included the residential buildings owned by the University and by the wholly owned subsidiary, Escafeld Estates Limited. A valuation was also performed on the freehold land occupied by the Student Village, over which the University still retains freehold title.

The outcome is that the value of residential land and buildings increased by £18.0m, whilst there were downward valuations of £4.5m that were fully met by releases from the revaluation reserve. The previous valuation was

performed in 2005 and property prices have increased significantly since this time. Only recently has the market slowed down to such an extent that prices are now falling, but not to the levels of the 2005 valuation. Depreciation of the residential estate will increase annually by £0.4m following this revaluation.

The land occupied by the Student Village was previously valued at 31st July 2006, the year in which the Catalyst contract started. The valuation of the land has fallen from £3.8m to £2.4m over the last two years as a consequence of the current state of the market. Although this would seem to contradict the explanations for the property values increasing, the fall in values for development land has been more dramatic with developers not wishing to speculate on new developments in the current climate. The market in Sheffield has also seen increased third party student accommodation developments over the last few years. Also a deferment rate of 5.4% has been used to discount the final valuation down to current values, whereas the rate used in 2006 was 4.5%. The deferment rate is the rate at which the University could invest its funds elsewhere.

Current asset investments have increased to £55.0m from £30.8m. This has been primarily caused by changes in the profile of capital project expenditure during the year. Current debtors have increased by £7.5m to £43.5m from £36.0m but this is partly offset by the increase in current creditors of £11.7m to £103.5m from £91.8m. For the first time since 2003 the University has net current assets rather than net current liabilities which is a sign of its improved financial health.

On 30th November 2007 the University terminated the term loans with Barclays and Royal Bank of Scotland and put in place a replacement term loan with Lloyds TSB for £44.4m over a period of 15 years following the same repayment profile. Taking the actual market rate and the release of the breakage costs still generates a cost benefit of £0.5m over the term of the loan.

The Atrium inside the new Jessop West building



The University of Sheffield Pension Scheme triennial actuarial valuation at 1st April 2008 is underway and the outcome is awaited. The FRS 17 accounting requirements resulted in the year end pension scheme deficit increasing by £18.7m to £51.3m, which is primarily due to changes in the actuarial assumptions used.

The University has been monitoring its investments in light of recent stock market volatility and has not impaired any investments held.

Capital Programme

During the financial year there have been several major capital project completions.

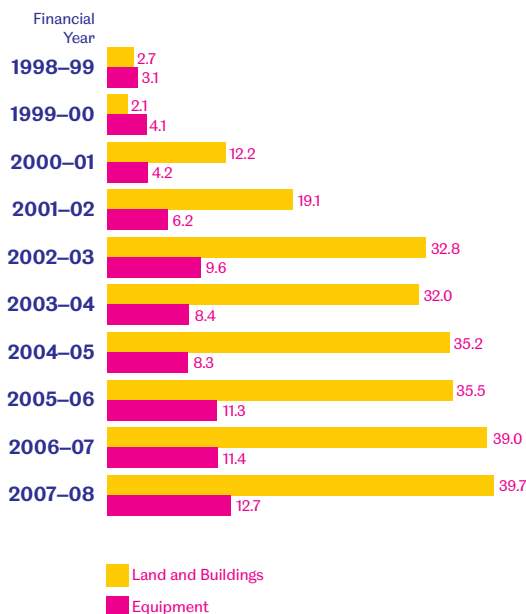
The AMRC Factory of the Future was completed at a total cost of £10.0m. The Factory of the Future powers collaborative research through renewable energy from two 250kW wind turbines. Built to Building Research Establishment Environmental Assessment Method (BREEAM), a stringent environmental standard, the Factory of the Future is the second phase of development for the internationally recognised Advanced Manufacturing Research Centre with Boeing, a collaborative research centre that develops new and innovative techniques for manufacturing located on the Advanced Manufacturing Park in Rotherham. Other projects that were completed during the year include the New Wing for Clinical Dentistry at the Charles Clifford Hospital at a cost

of £5.2m and the new finance, HR and payroll system at a cost in 2007/08 of £5.7m.

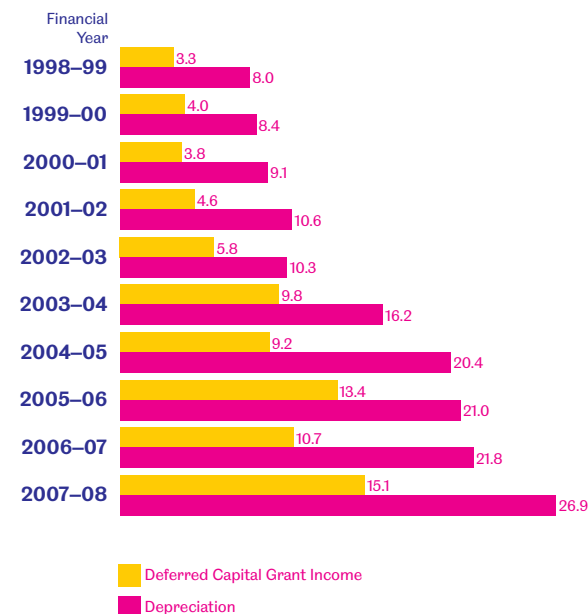
Projects currently underway include the Jessops project with assets in the course of construction including the Westside Development of £12.8m, the Victorian Refurbishment of £4.4m and the Soundhouse of £2.1m.

The University has also been awarded £57.7m through the Capital Infrastructure Framework to be spent during the three year period 2008-11. The University is not required to seek HEFCE approval for each individual project, and can instead spend in accordance with the Estate Strategy. The intention of the Estate Strategy is to focus on major legacy buildings, and to refurbish, rather than replace or add, to existing buildings wherever possible.

Capital expenditure (buildings and equipment) – £m



Deferred capital grant income and depreciation – £m



CORPORATE STRATEGIES AND OBJECTIVES

Corporate Plan

Our Shared Vision is the University's plan for the future and it sets out the long-term direction towards ambitious goals, to ensure that the University:

- Remains world-class,
- Enhances its reputation,
- Raises its profile and
- Further develops its already significant international standing by 2020.

The University is recognised as a leading international university that delivers learning, teaching, research and knowledge of the highest quality. However, the environment is changing fast, so the University intends to strengthen its competitive position by influencing and leading the way in both student and research markets, within a complex financial environment.

Our Shared Vision contains key goals and the achievement of these will help the University to fulfil the aim of being firmly positioned amongst the world's leading universities and recognised for the impact, excellence and distinctiveness of its graduates and research activities.

- **The Achievement Of Excellence**

The University will produce Sheffield Graduates who demonstrate impact, excellence and distinctiveness in their chosen field.

- **The Frontiers Of Knowledge**

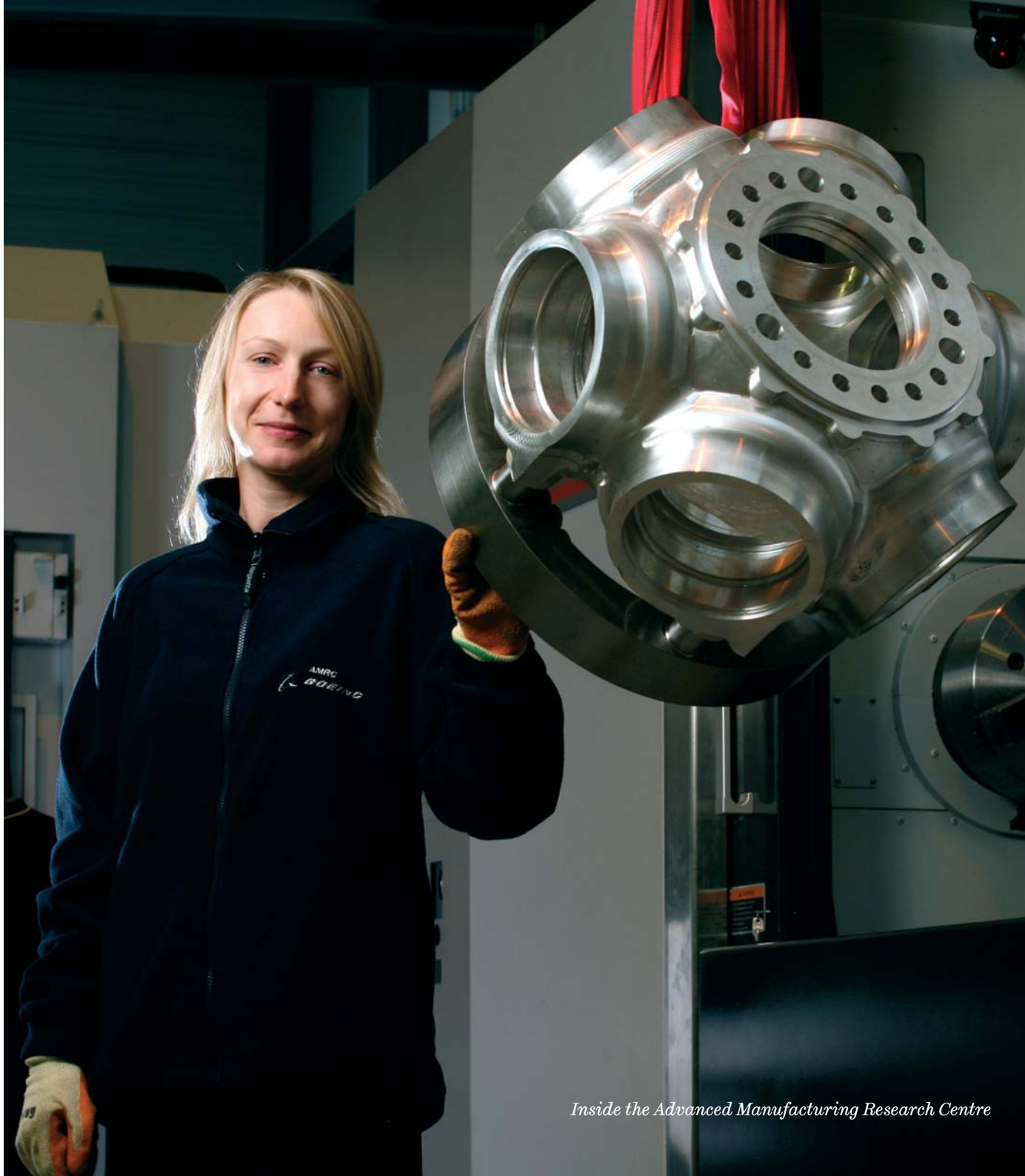
The University will be in the top five research universities in the UK based on peer assessment of our research performance.

- **The Impact Of Innovation**

The University will achieve a high global impact through innovation and through applying our entrepreneurial skills in teaching and research.

- **The Power Of People – Staff**

The staff of the University will be committed to excellence in all they do and have a strong sense of contribution and achievement.



Inside the Advanced Manufacturing Research Centre

- **The Power Of People – Students**

The University will have a reputation for the highest standards of education and research skills to attract the best students.

- **The Sense Of Belonging**

The University will actively contribute to the success and prosperity of the city and region through partnerships and support for local industry, commerce, public services, schools and colleges, the international quality of the staff attracted, and the impact of our staff's engagement with the city.

Risk Management Policy

The University's definition of risk is any event or uncertainty that may impede the organisation's ability to achieve its current or future objectives. During 2006/07 the University completed a review of its risk and opportunity policy and practices and has implemented the changes emerging from the review. The University has developed a Corporate Risk Register of the critical risks, an Operating Risk Register, and Departmental Risk Registers. A Risk Review Group has been established to oversee these tiers of risk and opportunity management. Council formally approved these on 11th June 2007 and further information is contained within the Corporate Governance Statement.

Financial Strategy

The Financial Strategy is 'to provide a robust, solvent and sustainable financial position that supports the University's core activities and which facilitates the strategic planning, development and implementation of activities and decision making in all academic and support areas to achieve the University's vision'.

This is facilitated through the following six 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 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 and departmental level planning and decision making and that this is supported by relevant and timely financial information.

The University ensures its long term financial sustainability through a framework of strategic targets that it has set for surplus generation, current ratio, liquidity and borrowing and other measures as outlined in the Sustainability Framework submitted to HEFCE in January 2006. This framework underpins the strategic decision making process from which the financial forecasts are produced.

In particular, the University is taking steps to ensure that its cost base and its income generation are consistent with achieving its strategic target of an operating surplus equivalent to 3.0% of turnover. These steps include further refinements to the resource allocation model used within the University to ensure that this appropriately reflects the University's ability to generate income at departmental level. This has also placed greater emphasis on the management of activity portfolios by departments to ensure that these operate in a financially sustainable manner.

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 goals 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 these strategies, 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.

Environmental Policy

The University has developed an environmental policy that will be reviewed annually and made publicly available. The organisation recognises the challenge posed by climate change, and has set targets to reduce its carbon emissions and the environmental impact of its activities. The University is developing an environmental management system in order to be compliant with all relevant environmental legislation and regulations.

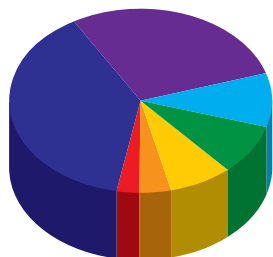
Human Resources Strategy

The University is one of Sheffield’s largest employers. The University’s Human Resources strategy focuses on three key areas, each one supporting Our Shared Vision. These are achieving excellence, strengthening leadership and management capabilities, and building a strong sense of community.

The organisation recognises and values the involvement of individuals in all their differing capacities right across the University. The University is creating an environment where every individual feels and acts as part of a larger whole, where they place the student experience at the centre of their activity, and where they are able to work together to innovate and focus on their key activities.

The University’s senior management joins me in thanking all the University employees for their engagement and commitment during the financial year.

Staff numbers (Full-time equivalents)



Academic departments	1,972
Research grants and contracts	1,453
Central admin and services	481
Academic services	443
Premises	396
Residences, catering and conferences	201
Staff and student facilities	186

The University in the Community

The University of Sheffield plays a large role in the community providing economic benefits to the city and many opportunities for the local community. Educational courses, public events and lectures are available to local residents and the University collaborates with schools and other agencies in the city.

Students and staff are active in contributing positively to the life of the city of Sheffield through volunteering and other community activities. The University is committed to building good community relations and ensuring that students are aware of their responsibilities in the neighbourhood.

ORGANISATIONAL DEVELOPMENTS

During 2007/08 the University has been developing the organisational structure. The five existing Faculties are retained, but strengthened through the appointment of Faculty Pro-Vice-Chancellors and three University Pro-Vice-Chancellors who are responsible for learning and teaching, research, and external affairs. These Pro-Vice-Chancellors along with the Vice-Chancellor and senior representatives from Professional Services form the University Executive Board.

The University Executive Board will have a clear connection with departmental operations, leading to better planning across the University, an improved understanding of budget choices and their consequences, greater agility to grasp opportunities and increase income, and better external representation.

CONCLUSION

2007/08 has seen continuing growth in the scope of operations and income, with the University achieving an operating surplus of £12.2m and an historic cost surplus of £19.8m.

The strengthening financial position needs to continue and grow in order for the University to maintain long term financial sustainability and provide the flexibility to maximise opportunities as they arise. This position will be particularly important as the HE Sector as a whole is showing signs of costs increasing at a faster rate than core income and this is during the period of global economic instability that we have now entered.

Kim Staniforth

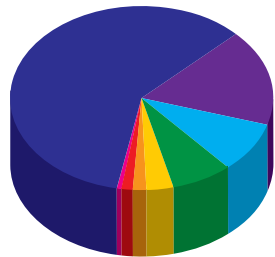
Treasurer



Our student population

1 August 2006–31 July 2007

Total applications 52,308



UG Home	31,343
PGT Overseas	8,853
UG Overseas	4,625
PGT Home	3,894
PGR Overseas	1,721
PGT EU	868
PGR Home	814
PGR EU	190

We remain a popular choice amongst all student groups across the range of study levels. Following the reduction in UCAS application choices from six to five (UCAS is the scheme through which all full-time applications to undergraduate courses must be submitted), applications from undergraduate applicants fell by 11.0%, much less than had been anticipated. We received 27,793 undergraduate home applications and 3,895 undergraduate overseas applications.

Overall, we received 4,297 postgraduate home applications for taught and research programmes, a drop of 9.0%. Overseas postgraduate applications grew once more by almost 14.0%; postgraduate taught overseas applications rose by 1,520 (17.0%) while postgraduate research overseas applications decreased slightly by 24 applications (1.0%). Postgraduate taught EU applications increased by 11 applications (1.0%) but overall EU applications to postgraduate courses decreased by 48 applications (4.5%). In total we received 17,377 applications to postgraduate courses, an increase of 6.0% from 2007.

We continue to see a marked success in our international student recruitment activity, in the light of increased recruitment targets and increased recruitment activity. The highest number of applications from full-time international students continued to originate from China, followed by India, Nigeria, Pakistan and Malaysia in fifth place.

To strengthen and better support our international student exchange schemes in July 2007 we united the Study Abroad and Erasmus programmes in a new International Exchanges Unit within Student Recruitment, Admissions and Marketing.

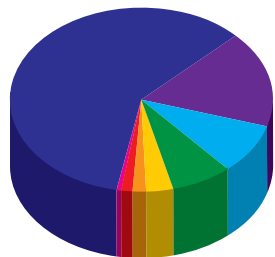
As part of our Erasmus scheme, we have formal exchange links with more than 180 universities across Europe. We also have over 60 links worldwide in places such as Australia, Canada, the USA, Singapore, Hong Kong and Mexico as part of our Study Abroad programme.

The unit showcased study and work abroad opportunities to Sheffield students during the Study Abroad and Erasmus Fair held in November 2007, and initiated and staged the International Experience Event in April 2008. This event was attended by 300+ students and staff and gave everyone the opportunity to find out how we make international students and staff feel at home in Sheffield and what we offer to UK students and staff to embrace the world beyond Sheffield.

In 2007/08, work placements and language assistantships became part of the Erasmus programme – an additional 85 Sheffield students participated in the scheme. The University of Sheffield continues to be amongst the most active sending and receiving institutions in the UK.

1 August 2007–31 July 2008

Total applications 48,055

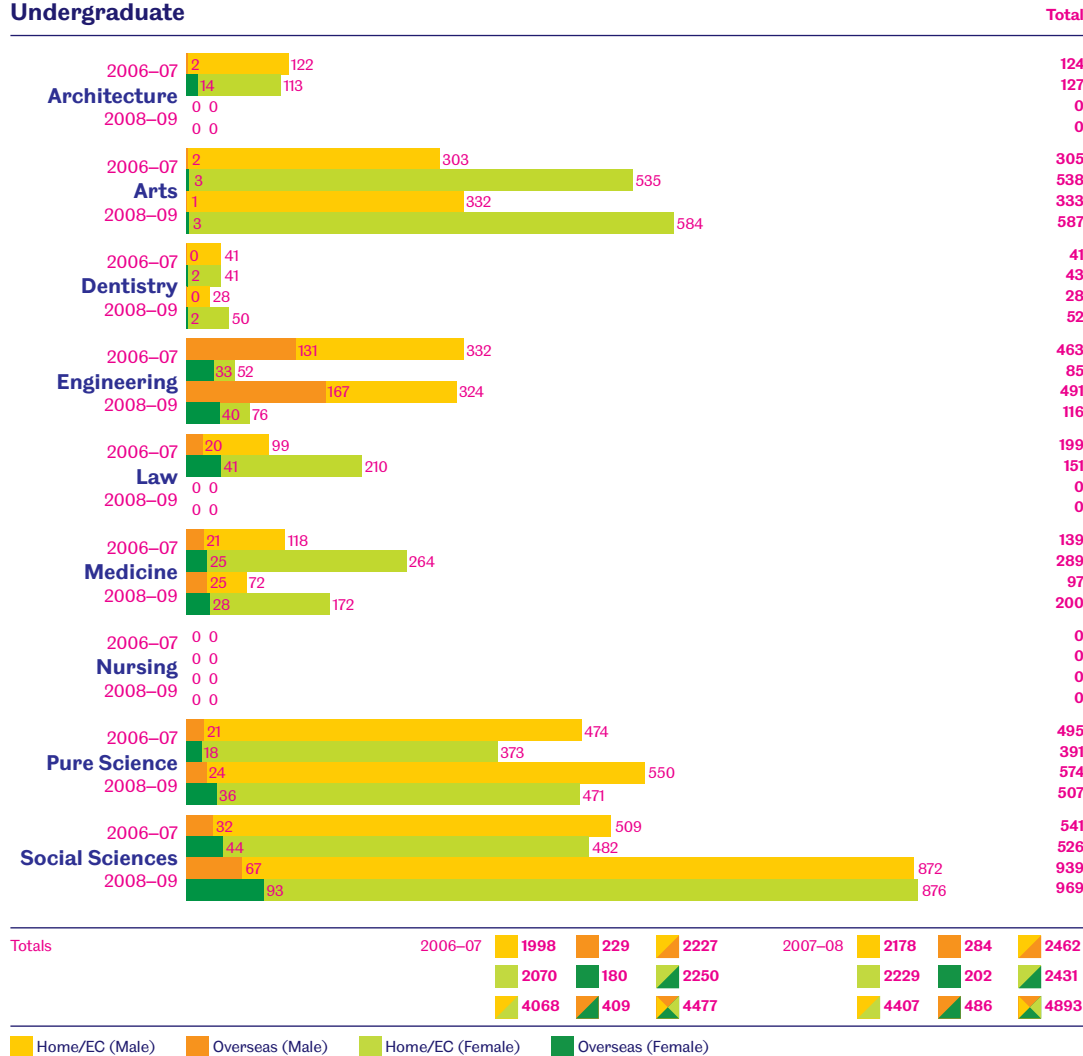


UG Home	27,793
PGT Overseas	10,373
UG Overseas	3,895
PGT Home	3,633
PGR Overseas	1,697
PGT EU	879
PGR Home	664
PGR EU	131

Enrolments First year student population

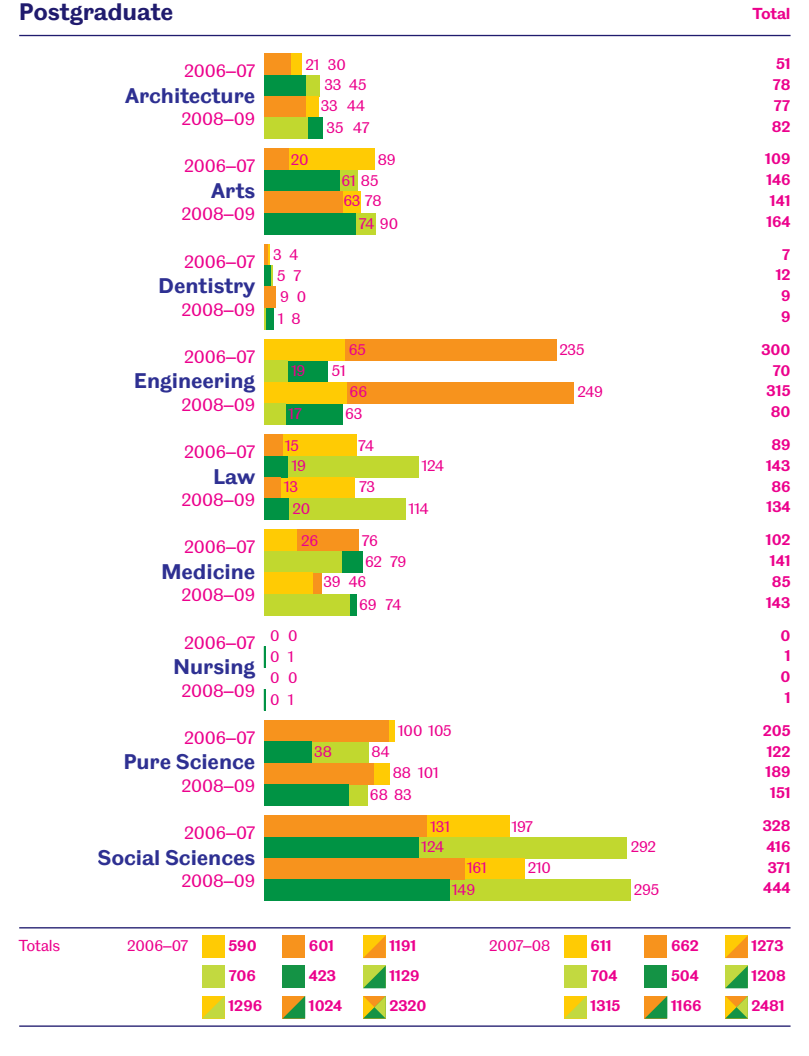
First Year (FT) 2006-07/2007-08

Undergraduate



First Year (FT) 2006-07/2007-08

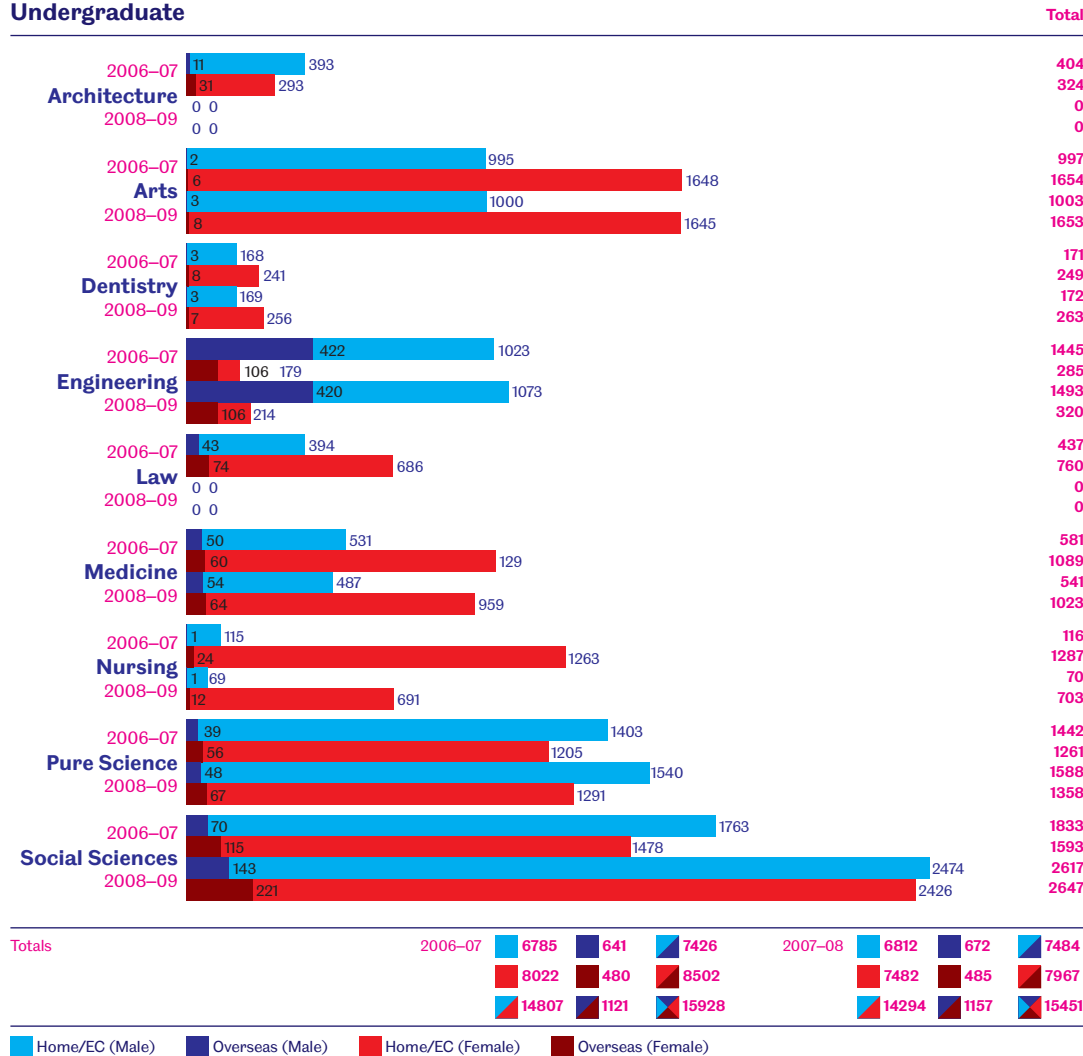
Postgraduate



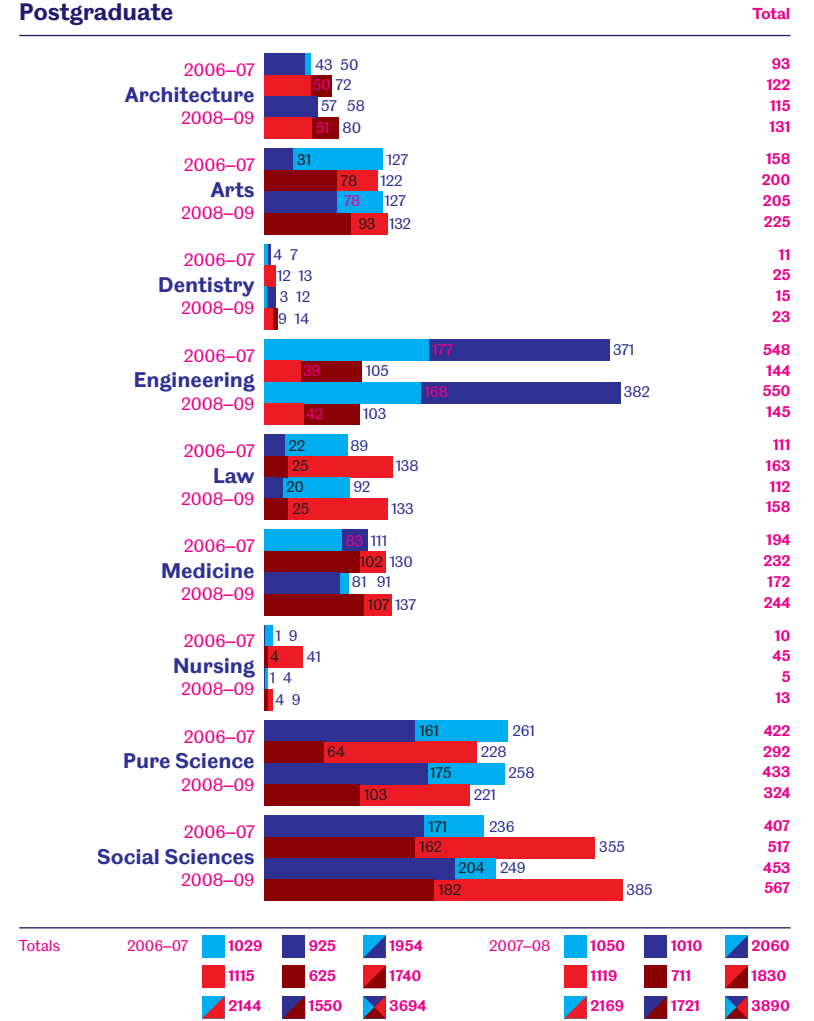
Home/EC (Male) Overseas (Male) Home/EC (Female) Overseas (Female)

Our overall student population

Full-Time 2006-07/2007-08 Undergraduate

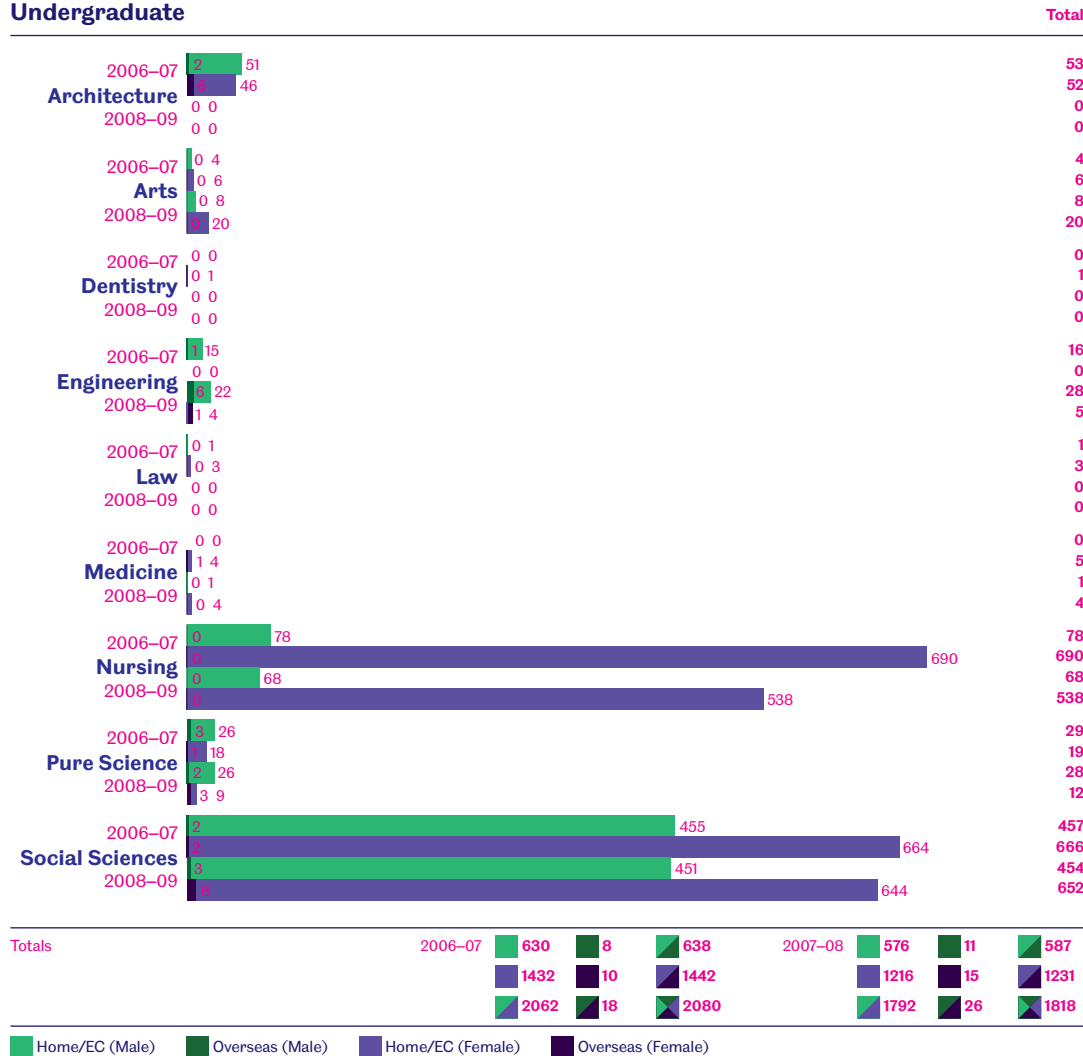


Full-Time 2006-07/2007-08 Postgraduate

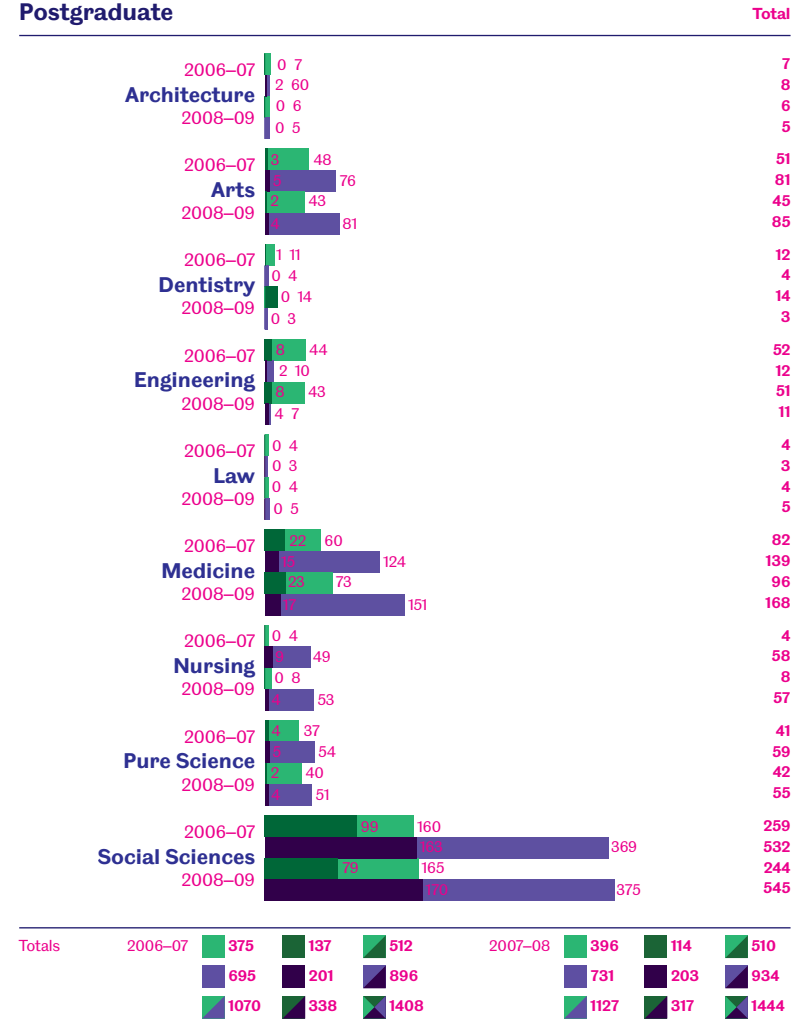


Home/EC (Male) Overseas (Male) Home/EC (Female) Overseas (Female)

Part-Time 2006-07/2007-08 Undergraduate



Part-Time 2006-07/2007-08 Postgraduate



Home/EC (Male) Overseas (Male) Home/EC (Female) Overseas (Female)

ADDITIONAL STUDENTS 2006–07



Erasmus and Year Abroad Students Modern Languages Students Abroad Architecture Students In Office Practice Students On Optional Year Outs

ADDITIONAL STUDENTS 2007–08



UNDERGRADUATE DEGREE TYPES AWARDED 06–07

BA	1966	BMESSCI N	12	MBIOLSCI	36
BA (ESPA)	3	BMEDSCI O	26	MBIOMEDSCI	8
BA (SLAS)	3	BMEDSCI P	16	MCHEM	47
BA (SPS)	7	BMEDSCI S	19	MCOMP	11
BA (SW)	9	BMUS	36	MENG	201
BA (WS)	2	BSC	680	MENVSCI	1
BA (LAW)	12	BSC (ITO)	2	MMATH	13
BA/DIP	26	BSC (NHE)	7	MPHYS	14
BDS	63	BSC/DIP	6	MPLAN (UG)	30
BENG	216	LLB	404		
BMEDSCI	279	MARCH (UG)	40		
BMEDSCI I	26	MB, CHB	231	Total	4452

FIRST DEGREE CLASSIFICATIONS AWARDED 06–07

	1	2.1	2.2	3	Pass	Unclass	Totals
Arts	82	593	111	4	0	0	790
Engineering	102	168	102	25	20	0	417
Law	12	294	126	7	1	0	440
Pure Science	145	441	158	19	12	0	775
Architecture	14	102	66	6	71	0	256
Social Sciences	109	664	295	25	6	0	1099
Nursing & Midwifery	73	121	68	10	4	0	276
Medical School	23	45	27	3	4	231	333
Dental School	0	0	0	0	0	63	63
Total	560	2428	953	99	118	294	4452
Percentages	13%	55%	21%	2%	3%	7%	

	Diplomas	Certs
Arts	0	0
Engineering	0	0
Law	0	0
Pure Science	0	0
Architecture	39	0
Social Sciences	1	168
Nursing & Midwifery	666	0
Medical School	0	0
Dental School	30	0
Total	736	168

*Social Science Certificates includes 138 PGCE.

UNDERGRADUATE DEGREE TYPES AWARDED 2007–08

BA	2130	BMEDSCI S	27	MCOMP	6
BA (FLC)	1	BMUS	41	MENG	240
BA (SLAS)	2	BSC	734	MLA (UG)	17
BA (SPS)	2	BSC (ITO)	3	MMATH	22
BA (SW)	25	BSC (NHE)	6	MPHYS	21
BDS	67	BSC/DIP	8	MPLAN (UG)	36
BENG	176	LLB	385		
BMEDSCI	211	MARCH (UG)	45		
BMEDSCI I	36	MB, CHB	228		
BMEDSCI N	8	MBIOLSCI	43		
BMEDSCI O	27	MBIOMEDSCI	3		
BMEDSCI P	12	MCHEM	62	Total	4624

FIRST DEGREE CLASSIFICATIONS AWARDED 2007–08

	1	2.1	2.2	3	Pass	Unclass	Total
Arts	110	664	114	4	2	0	894
Engineering	136	158	85	18	19	0	416
Pure Science	153	450	168	23	10	0	804
Social Sciences	141	1056	412	27	117	0	1753
Nursing & Midwifery	45	83	57	9	14	0	208
Dental School	0	0	0	0	0	67	67
Medical School	44	43	23	0	3	228	341
Collegiate Studies	18	50	30	28	15	0	141
Total	647	2504	889	109	180	295	4624
Percentages							

	Diplomas	Certs
Pure Science	4	0
Social Sciences	3	152
Nursing & Midwifery	305	0
Dental School	31	0
Collegiate Studies	21	2
Total	364	154

*Social Science Certificates includes 139 PGCE.



Our Shared Vision: making the vision a reality

Our Shared Vision maps out our long-term direction and goals which guarantee that, in an increasingly competitive environment, the University of Sheffield remains world-class, enhances its reputation and further develops its significant international standing.

Our mission: why we are here

To
Discover
And
Understand.

Our University works to improve the world by seeking to understand it.

Our vision: where we aspire to be

The University will be firmly positioned amongst the world's leading universities, recognised for the impact, excellence and distinctiveness of its graduates and research activities.

Our Shared Vision sets out our vision for 2020 in five key areas:

The Achievement of Excellence
The Frontiers of Knowledge
The Impact of Innovation
The Power of People
The Sense of Belonging

During the year 2007-08, every section of the University continued to work towards making our vision a reality, and we have made impressive progress against the goals set in each area. Some of the many areas of excellence that demonstrate the significant progress made against our goals are showcased in this review.



The Achievement of Excellence

1. Centres for Excellence in Learning and Teaching

We have further developed our two Centres for Excellence in Learning and Teaching – The Centre for Inquiry-Based Learning in Arts, Social Sciences and Law (CILASS) and the White Rose Centre for Excellence in the Teaching and Learning of Enterprise.

CILASS continues to support inquiry-based learning (IBL) projects within academic departments, which is furthering the development of this approach to learning and teaching across the University, and also underpinning development activity with research. New and innovative practice and its associated research are supported through two project schemes and an Academic Fellowship scheme.

The White Rose Centre for Excellence in the Teaching and Learning of Enterprise has focused much of its efforts on extra-curricular and student-centred activities. The Skill Build programme has proved extremely popular with around 120 students attending each session, that's three times more than the previous year. Students completing the Skill Build sessions can now use them as part of their activities in the Sheffield Graduate Award.

Students have been very active in many enterprise and entrepreneurship competitions. Our SIFE team was very successful, achieving a runners-up spot in the UK competition and winning the European competition. We were also semi-finalists in the IBM Universities Business Challenge.

2. The Sheffield Graduate Award

The Award recognises significant achievements outside of programmes of study, and includes work experience, voluntary community work, enterprise and international experience. It provides a valuable and challenging framework that enables students to reflect on their experience and demonstrate how they have developed transferable skills, competencies and attributes.

In 2007-08, 99 students achieved the Sheffield Graduate Award. Employers recognise the value of the Award too, it has been endorsed by HSBC, PWC, Teach First, Accenture and South Yorkshire Police.

3. The Senate Award for Excellence

The scheme aims to reward individuals and teams who have demonstrated excellence in teaching, as well as supporting and enhancing our students' learning experience. It's also designed to encourage and promote good practice and enhance the profile of teaching and learning as a scholarly activity in the University.

Sustained Excellence

Dr Ian Bache Department of Politics
Dr Andrew Johnson Department of Mechanical Engineering
Dr Henriette Louwerse Department of Germanic Studies
Dr Eleanor Stillman Department of Probability and Statistics

Rising Stars

Dr Sean Carey Department of Politics
Dr Jenny Freeman School of Health and Related Research
Dr Willy Kitchen School of Education
Dr Claire McGourlay School of Law
Mr Peter Stordy Department of Information Studies

Excellence in Collaboration

Mr Bill Carmichael Department of Journalism Studies
Ms Marie Kinsey
Mr David Holmes

Excellence in Leadership

Professor Rod Nicolson Department of Psychology

“We will produce Sheffield graduates who demonstrate impact, excellence and distinctiveness in their chosen field.”

4. National Teaching Fellow Award

Professor John Yates was recognised for long-standing excellence in learning and teaching practice. Until recently Head of the Department of Mechanical Engineering and Director of the White Rose Centre for Excellence in the Teaching and Learning of Enterprise, John has an outstanding track record. He is renowned for sharing excellent practice and supporting and encouraging that of his colleagues. This award follows his success in our own Senate Award scheme last year, when he was recognised for his Excellence in Leadership in 2006-07.



*Professor Rod Nicolson
receiving his award.*

The Frontiers of Knowledge

“We will recognise our success by evidence of our relative position based on national and international peer review assessment.”

6. Rankings

The University is rated 8th in the UK, 24th in Europe, and 77th in the world in the annual academic ranking of the top 500 universities worldwide published in August 2008 by China's Shanghai Jiao Tong University. Researchers evaluated the universities using several research performance indicators, including the number of highly cited researchers, academic performance, articles in the periodicals Science and Nature, and the number of Nobel Prize winners.

The University is rated 13th in the UK, 26th in Europe and 76th in the world in the 2008 Times Higher Education – QS World University Rankings. These rankings were derived using a combination of reputational surveys, staff:student ratios, the proportion of international staff and students, and research citations.

In the national rankings, Sheffield is rated 22nd in the Times Good University Guide 2009, 36th in the Guardian University Guide 2009, 19th in the Sunday Times University Guide 2008 and 26th in the Complete University Guide 2009 in association with the Independent.

In the National Student Survey (NSS) the University came 3rd (out of 20) compared to joint 3rd last year (out of 19) amongst reporting Russell Group universities.

In the NSS top scoring departments for overall satisfaction across all UK returners this year are Civil Engineering and Hispanic Studies with Dentistry, Mechanical Engineering and Journalism Studies also performing outstandingly well against competitors. At faculty level, overall student satisfaction is highest in the Faculty of Pure Science.



The Impact of Innovation

“We will achieve a high global impact through innovation and through applying our entrepreneurial skills in teaching and research.”

University's AMRC wins Queen's Anniversary Prize for Education

The University of Sheffield Advanced Manufacturing Research Centre with Boeing won national recognition by winning the Queen's Anniversary Prize for Higher and Further Education.

The AMRC was selected for this prestigious award in recognition of its track record as an outstanding collaborative venture involving world-leading research and over 40 business partners. These include the world's largest aerospace company Boeing and leading companies such as Rolls-Royce, Messier-Dowty and GE Aviation.

The Centre takes a new approach to collaboration which has been enthusiastically embraced by leading businesses. By rapidly embedding the latest research into manufacturing businesses, step changes in productivity are achieved. Boeing and Rolls-Royce both plan to use the AMRC as a model for future research centre partnerships with universities.

This is the fourth time that the University of Sheffield has won a prestigious Queen's Anniversary Prize. Previous awards were for the Humanities Research Institute (1998), Environmental Outreach to Business and Industry (2000) and research into Ageing (2002).

Drug combination increases the chances of breast cancer survival

Funded by the Breast Cancer Campaign, Dr Penelope Ottewell from the School of Medicine and Biomedical Sciences carried out a unique laboratory study. This investigated the effects of combining the chemotherapy agent doxorubicin, and the bone-protecting drug zoledronic acid on the growth of established breast tumours.

The results of the study, published in the August issue of the Journal of the National Cancer Institute, showed that treating breast cancer using doxorubicin followed 24 hours later with zoledronic acid almost completely eliminates breast tumour growth. If these results are translated into the clinic, it could lead to improved chances of survival for thousands of women undergoing breast cancer treatment.

Crimes and punishments of historical London revealed

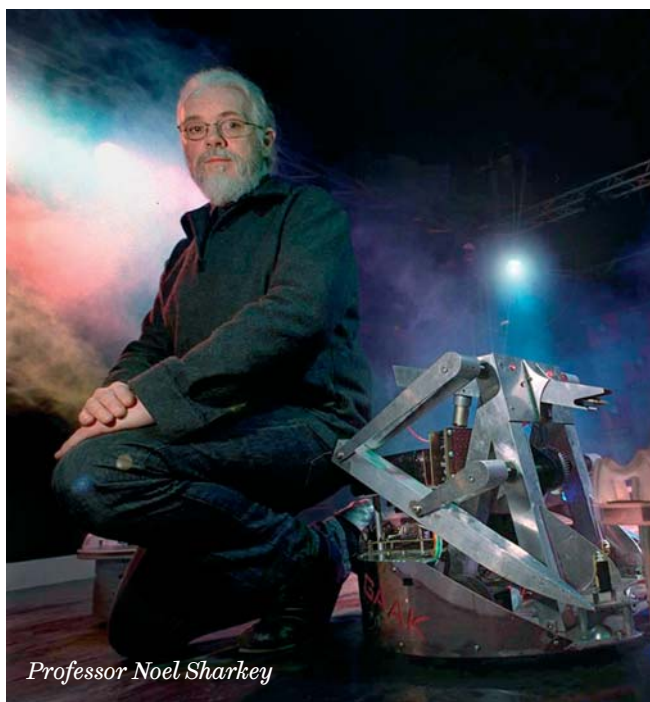
Details of crimes carried out by the likes of Irish terrorists, train robbers, suffragettes and the infamous Dr Crippen, can be viewed for the first time on the internet. This is thanks to a significant expansion of the innovative Old Bailey Proceedings Online website at www.oldbaileyonline.org

Researchers from the Universities of Sheffield, Hertfordshire and The Open University have doubled the size of the existing Old Bailey Proceedings Online 1674-1834 website. It now includes details of criminal trials from 1674 to 1913, from just after the Great Fire to just before the First World War.

The website, which has been funded by the Arts and Humanities Research Council (AHRC), provides access to the largest single source of searchable information about 'ordinary' British lives and behaviour ever published.

Published by HRI Online, the electronic publishing arm of the University's Humanities Research Institute (HRI), the website details over 197,000 criminal trials held at London's central criminal court right up until 1913.

Professor Robert Shoemaker, Head of the Department of History at the University of Sheffield and co-director of the project said, "This new expansion means it is now possible to search records of 197,745 individual trials, running to 110,000 pages of text and some 120 million words."



Professor Noel Sharkey

Killer military robots pose latest threat to humanity

In a keynote address to the Royal United Services Institute (RUSI), Professor Noel Sharkey from the Department of Computer Science, declared that we are beginning to see the first steps towards an international robot arms race. He warned that it may not be that long before robots become a standard terrorist weapon replacing the suicide bomber.

Many nations are now involved in developing the technology for robot weapons, with the US Department of Defense being the most significant player. According to the Unmanned Systems Roadmap 2007-13, the US propose to spend an estimated \$4 billion by 2010 on unmanned systems technology, with the total spend expected to rise above \$24 billion.

Over 4,000 robots are currently deployed on the ground in Iraq and by October 2006 unmanned aircraft had flown 400,000 flight hours. Currently there is always a human in the loop to decide on the use of lethal force. However, the US is set to give priority to autonomous weapons – robots that will decide on where, when and who to kill.

Stonehenge could have been resting place for royalty

Archaeologists at the University have revealed new radiocarbon dates of human cremation burials at Stonehenge. These indicate that the monument was used as a cemetery from its inception just after 3000 BC until well after the large stones went up around 2500 BC.

Professor Mike Parker-Pearson and Professor Andrew Chamberlain believe that the cremation burials could represent the natural deaths of a single elite family and its descendants, perhaps a ruling dynasty. One clue to this is the small number of burials in Stonehenge's earliest phase, a number that grows larger in subsequent centuries, as offspring would have multiplied.

Many archaeologists previously believed that people had been buried at Stonehenge only between 2700 and 2600 BC. The new dates provide strong clues about the original purpose of the monument and show that it was used as a cemetery for over 500 years.

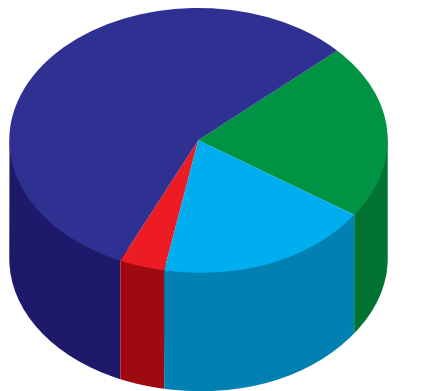
The earliest cremation burial came from one of the pits around Stonehenge's edge and dates back to 3030-2880 BC. The second burial, from the ditch surrounding Stonehenge, is that of an adult and dates to 2930-2870 BC. The most recent cremation was of a 25-year-old woman and goes back to 2570-2340 BC.

The Power of People

“Our staff will be committed to excellence in all they do and have a strong sense of contribution and achievement.”

Our staff

There were 5749 people employed at the University on 31st July 2008 comprising the following categories of staff:



Support Staff	3242
Academic	1230
- Professors	426
- Senior Lecturers and Readers	419
- Lecturers	385
Research	1068
Teaching	209

Staff benefits

We launched Pay Plus for pensions in order to lower the cost of pension scheme membership for staff. It is a salary sacrifice scheme which enables both staff and the University to reduce their National Insurance contributions.

An Exemplar Employer

We feature in The Guardian's Exemplar Employers list in recognition of our work to promote equality in the workplace. As well as the University of Sheffield, other employers on the list include the John Lewis Partnership, KPMG, Ernst & Young and the Bank of England. We have also been assessed as gold standard for 2008 in the regular gender diversity benchmarking assessments organised by Opportunity Now.

The Women's Academic Returners' Programme (WARP) provides targeted support to female staff returning from long-term absence. The scheme aims to help them maintain their research momentum following a long-term leave for maternity or carer responsibilities or after long-term sick leave. Launched in January 2006, the scheme has supported 50 women across all disciplines to date.

We are currently running a pilot mentoring programme for women lecturers in Science, Engineering, Technology and Medicine (SETM). Mentoring will give women the opportunity to meet a more senior staff member in a related or similar area to receive advice, support and encouragement to progress their career and fulfil their potential.

Tackling under-representation

To help address the under-representation of women in senior academic roles and to help women take responsibility for their own career development, 14 female staff members at the University have taken part in an Open Space Development Programme.

The objectives of the programme were to allow women to develop and achieve their full potential. The participants were helped to identify some of the perceived barriers to their progression, and develop the qualities and skills to overcome these barriers and take positive action.

Promoting a healthy campus

We held a Healthy Campus Week during March and November 2008. These events highlighted the importance of maintaining personal well-being in the workplace, and featured a number of workshops, focus groups and presentations designed to help mind, body and spirit.

Positive Mental Health Day on 31st October 2008 was the direct result of a focus group held during the first Healthy Campus week. A panel of high profile guest speakers, workshops and an information fair focused on the key themes of employment and removing the stigma associated with mental health.

“We will have a reputation for the highest standards of education and research skills to attract the best students.”

Honours and awards for staff and students in 2007-2008

Professor Sir Anthony Bottoms (School of Law)
Awarded the 2007 ESC European Criminology Award in recognition of his lifetime contribution to European criminology.

Professor Roger Watson (School of Nursing and Midwifery)
Became the first British person to become a fellow of the American Academy of Nursing.

Sir Gordon Duff (Florey Professor of Molecular Medicine and formerly Medical Research Dean)
Elected a Fellow of the Royal Society of Edinburgh.

Dr Angela Cox, Dr Sushila Rigas and Gordon MacPherson, (Institute for Cancer Studies)
Won the Breast Cancer Campaign's 'Research Team of the Year' award.

Dr Munitta Muthana (School of Medicine and Biomedical Sciences)
Won the BACR Astra Zeneca Young Scientist Frank Rose Award.

Professor Christopher Alexander Hunter FRS (Department of Chemistry)
Elected a Fellow of the Royal Society.

Edward Spalton (who has recently completed a MEng degree in Aerospace Engineering)
Named as Best Aeronautical Engineering Student 2007 at the national Science, Engineering and Technology (SET) awards.

Ian Philp (Professor of Health Care for Older People)
Awarded a CBE for services to healthcare.

Architecture students won the prestigious Architects' Journal Small Projects Award for their work on the Space of Waste project. The students beat off fierce competition from UK architects to pick up the prize for a building they designed and built, using nothing but other people's rubbish.

Professor Paul Speight (Dean of the School of Clinical Dentistry)
Awarded the 2008 Oral Medicine & Pathology Research Award by the International Association for Dental Research (IADR), for his research into oral disease and cancer.

The ESRC appointed two new members to the Research Resources Board - **Professor Micheline Beaulieu** from the Informatics Collaboratory of the Social Sciences (ICOSS) and **Professor Stephen Wood** from the Institute of Work Psychology.

Professor Allison James (Department of Sociological Studies)
Received an Honorary Doctorate from the University of Karlstad, Sweden, in recognition of her contribution to childhood studies.

Dr Georgina Waylen (Department of Politics)
Received an award by the American Political Science Association for the best book on women and politics.

The Sense of Belonging

“We will actively contribute to the success and prosperity of the city and region through partnerships and support for local industry, commerce, public services, schools and colleges, the international quality of the staff we attract, and the impact of our staff’s engagement with the city and region.”

Inward investment and business links

The University was once again allocated the maximum possible amount from the fourth round of the Higher Education Innovation Fund (HEIF-4). HEIF supports central and local knowledge transfer and enterprise infrastructure, as well as a range of internal funding opportunities, including the Proof of Concept Fund and the KT Projects Fund.

Professor Vanessa Toulmin’s ‘Admission All Classes’ knowledge exchange project won one of the first AHRC Knowledge Transfer Fellowships. The award supported her work to deliver a year’s programme of high-profile public events in Blackpool.

The Advanced Manufacturing Research Centre (AMRC) with Boeing won the prestigious EPSRC KT Challenge Award. This award celebrates innovative knowledge transfer in universities, enabling research to be transferred to business and the public sector.

The Centre of Customised Assembly (CECA) was launched at the new Factory of the Future on the Advanced Manufacturing Park. Supported by HEIF-3 and backed by the aerospace, defence, automobile, pharmaceutical and medical device industries, the Centre is the only one of its kind in the UK.

The University of Sheffield has moved up to No.1 for Knowledge Transfer Partnerships (KTPs) in Great Britain. In the last academic year, we have had another 13 KTPs approved, bringing our total to 30 live projects. KTPs

facilitate partnerships with business by placing a recent graduate into a company to undertake a specific project.

Finally, the University’s Managing Directors’ Club continued its programme of events, bringing together University academics and the region’s managing directors, and providing a useful forum for networking and University-business engagement.

Our new student villages

Our students embraced the new living experience on offer and soon settled in at the Endcliffe Village. Meanwhile, development of the Village continued quickly and efficiently, with the minimum of disruption to students and local residents.

As the second generation of Endcliffe residents unpacked their boxes in September 2008, the all-important finishing touches were being made to the landscaping around the new Lawrencefield, Rivelin and Millstone apartments.

A little further down Fulwood Road, work is well underway on the neighbouring Ranmoor Village. The first wave of Ranmoor Villagers will unload pot plants and put up posters in September 2009.

Sheffield alumni reach 5000th donation landmark

This year we reached an impressive milestone – our 5000th individual donation since the Development and Alumni Relations Office was set up in 2002. During this time, individual donations have varied from £10 to £1 million.

Since 2003 the University’s Alumni Fund has raised over £750,000 in the form of personal donations from many of our alumni, friends, parents and current and former staff.

Alumni Fund Scholarship Programme

One of the key areas that has particularly benefited from alumni donations is our scholarship programme. This year we were able to award 32 undergraduate and six postgraduate Alumni Fund Scholarships of £2,000 each. These awards are given to gifted students who have had to overcome difficult personal or financial backgrounds to win a place at our University. The Alumni Fund Scholarships provide practical financial support to these students, and allow them to make the most of their time at the University of Sheffield.

We were also extremely grateful for a very generous £100,000 gift from the family of the University’s former Chancellor, Lord Dainton. This generous donation has enabled us to create a scholarship fund that will support six students every year in the future. The first two Dainton Scholarship recipients were both first-year Science students – Sam Coveney (Theoretical Physics) and Joy French (Plant Science).

Sheffield Volunteering – giving something back

We encourage all of our students and staff to be active and valued members of the local community. In 2007–08, 1271 students and staff were active through Sheffield Volunteering, helping over 125 schools and voluntary and charitable organisations.

In the National HE Volunteering Awards 2007, our new Societies Volunteering programme scooped the top award of 'Exceptional Winner' in the category of 'Outstanding Project'. Our project was one of just two in the country to receive this prestigious honour, and this is the fifth consecutive year that we have been recognised at this ceremony.

One of our academic outreach projects, 'Philosophy in the City' also received national recognition. Organised in partnership with the Department of Philosophy, the scheme was short-listed as a finalist in the Times Higher Educational Supplement Awards.

The Students' Union won the 'Good Citizenship Award' at the Guardian Public Service Awards.

Raising aspirations in the region

The Departmental Widening Participation Fund has encouraged much greater participation from academic departments across the University. This scheme, which has been running for just two years, provides small amounts of funding to academic departments to enable them to deliver subject-specific outreach activities. These are designed to increase young people's participation in university life, by giving them a taste of what they could study at degree level.

These activities have enhanced the large number of outreach programmes which we already deliver, targeting everyone from youngsters at primary school through to mature students. During the year, we typically work with around 15,000 prospective students from over 150 schools and colleges.



The Edge at Endcliffe Village

Our University at a glance

Officers and the Council

Officers of the University Session 2007-08

The Chancellor

Sir Peter Middleton

The Pro Chancellors

Mr PN Firth

Mr GHN Peel

Mrs KE Riddle (Chairman of Council)

The Treasurer

Mr AMC Staniforth

The Vice-Chancellor

Professor RF Boucher

(**Professor K Burnett** from 1st October 2007)

The Pro Vice-Chancellors

Professor M Beaulieu

Professor ADH Crook

Professor PJ Fleming

Professor GR Tomlinson

Professor PE White

The Deans of the Faculties

Professor JC Barrett

Arts

Professor RI Nicolson

Pure Science

Professor A Hutchinson

Medicine

Professor MSM Llewelyn until 31st August 2007

(**Professor N White** from 1st September 2007-29th February 2008)

Law

Professor M Niranjana until 28th January 2008

(**Professor P Waldron** from 29th January 2008-31st August 2008)

Engineering

Professor P Marsh

Social Sciences

Professor JM Henneberry until 31st August 2007

(**Professor S Sharples** from 1st September 2007-29th February 2008)

Architectural Studies

Registrar and Secretary

Dr DE Fletcher

The Council of the University Session 2007-08

Ex-officio members

The Pro Chancellors

The Treasurer

The Vice-Chancellor

One Pro Vice-Chancellor

Professor ADH Crook

The Chairman of Convocation

Mr DCA Bradshaw

Persons appointed by the Council

Mrs VJ Bayliss

Mr CAJ Biggin

Mr CJ Jewitt

Mr T Pedder

Ms M Stafford until November 2007

(**Mr D Young** from April 2008)

Mr OG Stephenson

Mr R Tapp

One Dean of Faculty elected by the Deans of Faculties

Professor RI Nicolson

Psychology

Three members of the Senate elected by the Senate

Professor MC Press until 31st December 2007

Dr TM Searle

Professor DG Shepherd

The President of the Union of Students

Mr M Willoughby

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

Mr M Shelton

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

Honorary Graduates 2007-08

Theo Angelopoulos (Doctor of Letters)
Distinguished film director.

HRH Princess Katherine (Doctor of Letters)
Crown Princess of Greece and Denmark. Recognised for the contribution her charity work has made to the Balkan region.



Maureen McTeer

Bryan Thomas Grenfell (Doctor of Science)
Alumni professor of Biology at Penn State University in Pennsylvania, USA. He investigates how illnesses such as measles and influenza affect populations.

Nicholas Herbert Stern (Doctor of Letters)
Best known for his 2006 report into the economic impact of climate change, which urged that the world cannot afford to wait before tackling the problem.

Datuk Zamani Md Noor (Doctor of Letters)
Significant contributor to the development of education in Malaysia.

Deborah Greenspan (Doctor of Dental Surgery)

David A King (Doctor of Science)
The Government's former Chief Scientific Adviser, who gained widespread recognition for his handling of the foot-and-mouth crisis.

Adrian Alker (Master of Arts)
Vicar of St Mark's Church in Broomhill for twenty years, during which time he has built strong and enduring relationships between the church and the community.

Maureen McTeer (Doctor of Laws)
Distinguished lawyer, author and speaker, who is a highly regarded advocate for the legal and health rights of women and children.



Sally Davies

Lakshminarayana Subramaniam (Doctor of Music)
World-renowned violinist and composer.

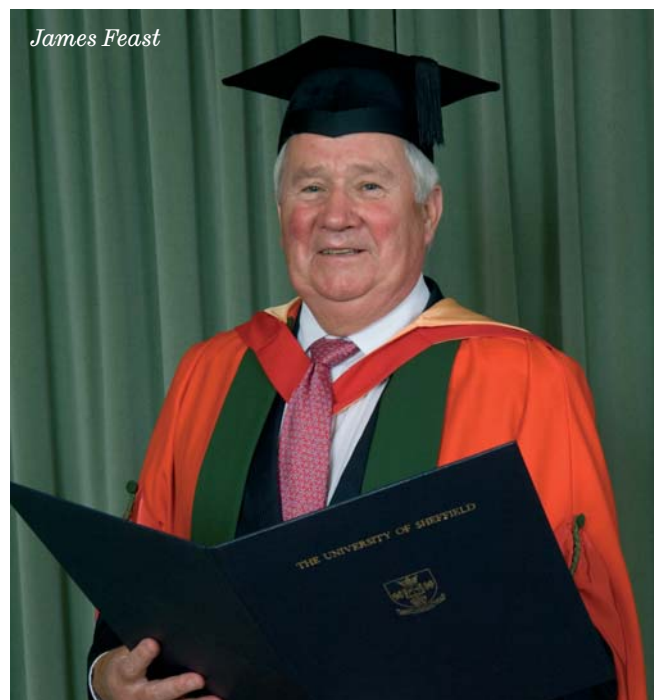
Angela Knowles (Doctor of Letters)
The inspiration behind the film *Calendar Girls* and the driving force behind the Rylstone and District Women's Institute charity calendar, following her husband's death from leukaemia. Since that time she has helped to raise over one million pounds for Leukaemia Research.

Sally Davies (Doctor of Science)

Director General of Research and Development in the Department of Health and a world authority of the clinical care of patients with sickle cell disease.

Tridibesh Mukherjee (Doctor of Metallurgy)

Played a major role in developing the Tata Steel group in India into one of the leading steel producers in the world.

**J Fraser Stoddart** (Doctor of Science)

Board of Trustees Professor at Northwestern University in Chicago, recognised for his pioneering research in chemistry and molecular nanoscience.

W James Feast (Doctor of Science)

President of the Royal Society of Chemistry and a graduate of the University who has an international reputation for his work on polymers.

Joe Scarborough (Doctor of Letters)

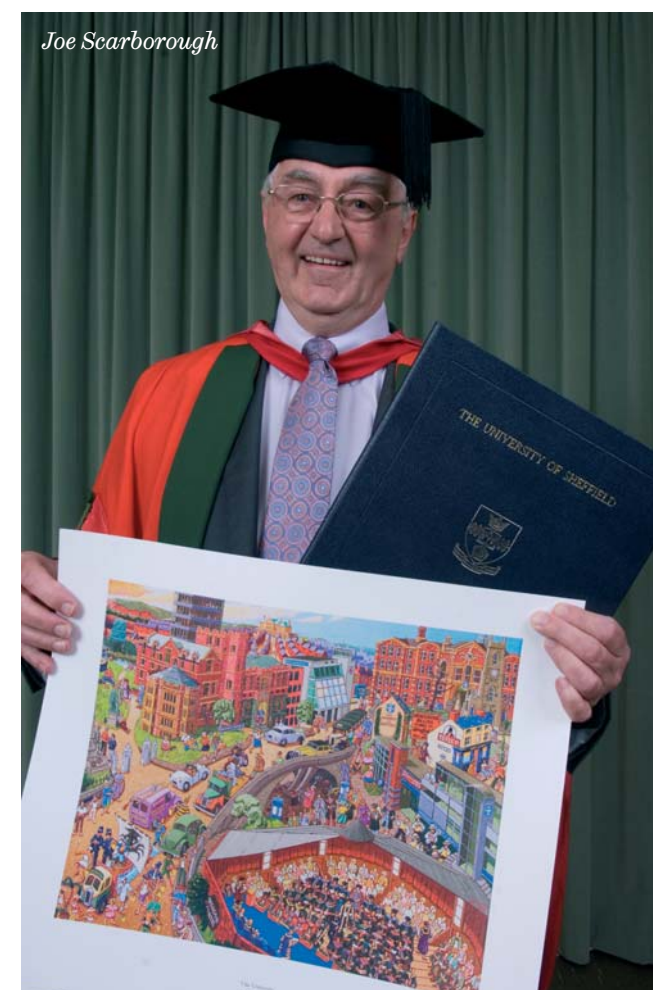
Artist who took up painting after working as a coalminer, has created a wealth of everyday images of the life and people of Yorkshire and beyond, including an image for the University's Centenary.

Paul Collier (Doctor of Letters)

Professor of Economics at the University of Oxford and former King Edward VII pupil, recognised for his work on global poverty.

John Allan (Doctor of Letters)

Chairman and director of Avanti Architects since 1983 and one of the country's most respected architects.



Staffing Matters

Appointments to Chairs – 1st August 2007 to 31st July 2008

Professor Michael Barkham	Psychology	Chair in Psychological Therapies
Professor P Brakefield	Animal & Plant Sciences	
Professor Simon Bulmer	Politics	Professor of European Politics
Professor M De Souza	Electronic & Electrical Engineering	Chair in Micro Electronics
Professor Robert Harris	Civil & Structural Engineering	Strategy Director
Professor Colin Hay	Politics	Chair of Political Analysis
Professor Simon Keefe	Music	James Rossiter Hoyle Professor of Music
Professor S Madathil	Electronic & Electrical Engineering	Chair in Power Electronic Systems
Professor Derek Morgan	Law	

Appointments to Senior Posts

Dr C Baines	Academic Secretary and Head of the Academic Division
Ms S Bridgeford	Faculty Director of Operations – Medicine
Professor Keith Burnett	Vice-Chancellor
Dr M Butler	Faculty Director of Operations – Engineering
Ms V Cotter	Faculty Director of Operations – Arts & Humanities
Mr T Croft	Faculty Director of Operations – Pure Science
Professor M Hounslow	Pro Vice-Chancellor – Engineering
Professor A Payne	Pro Vice-Chancellor – Social Sciences
Professor P Powrie	Pro Vice-Chancellor – Arts & Humanities
Professor A Ryan (OBE)	Pro Vice-Chancellor – Pure Science
Professor D Shellard	Pro Vice-Chancellor – External Affairs
Mr R Sykes	Faculty Director of Operations – Social Sciences
Professor A Weetman	Pro Vice-Chancellor – Medicine
Professor P White	Pro Vice-Chancellor, Learning & Teaching

Promotion to Chairs

Dr Kathryn Ayscough	Molecular Biology & Biotechnology
Dr Christopher Bramall	School of East Asian Studies
Dr Lee Brammer	Chemistry
Dr Shelagh Brumfitt	Human Communication Sciences
Dr Ian Coldham	Chemistry
Dr Michael Cork	School of Medicine & Biomedical Sciences
Dr Geoffrey Craig	School of Clinical Dentistry
Dr Vikram Dhillon	Physics & Astronomy
Dr Julie Gray	Molecular Biology & Biotechnology
Dr Joseph Harrity	Chemistry
Dr Andrew Heath	School of Medicine & Biomedical Sciences
Dr Philippa Levy	Centre for Inquiry Based Learning
Dr Alison Loescher	Oral & Maxillofacial Surgery
Dr Anne Moir	Molecular Biology & Biotechnology
Mrs Ann Peat	School of Nursing & Midwifery
Dr Amin Rostami-Hodjegan	School of Medicine & Biomedical Sciences
Dr Derek Sinclair	Engineering Materials
Dr Patsy Stark	School of Medicine & Biomedical Sciences
Dr Vanessa Toulmin	Library
Dr Mary Vincent	History

Professor of Molecular Cell Biology
 Professor of Chinese Political Economy
 Professor of Structural Chemistry
 Professor of Speech & Language Therapy Education
 Professor of Synthetic & Organic Chemistry
 Professor of Dermatology
 Professor of Oral Pathology & Odontology
 Professor of Stellar Astrophysics
 Professor of Plant Cell Signalling
 Professor of Synthetic Organic Chemistry
 Professor of Cellular Immunology
 Professor in the Arts and Social Sciences
 Professor in Oral Surgery
 Professor of Microbiology

Professor of Systems Pharmacology
 Professor
 Professor of Medical Education

Professor in Modern European History

Professorial and Senior Retirees

Professor L Alexander	Biblical Studies
Professor Sir A Bottoms,	Law
Professor R Boucher	Vice-Chancellor's Office
Mr C Cartledge	Corporate Information & Computing Services
Professor P Horton	Molecular Biology & Biotechnology
Professor D Hughes	Physics & Astronomy
Professor W Leatherbarrow	Russian & Slavonic Studies
Professor J Merrills	Law
Dr J O'Donovan	Academic Division
Professor R Russell	Russian & Slavonic Studies
Professor T Wall	Institute of Work Psychology

Personal Chair
 Professorial Fellowship in Criminology
 Vice-Chancellor
 Deputy Director of CICS
 Professor of Biochemistry
 Professor of Astronomy
 Personal Chair
 Edward Bramley Chair in Law
 Academic Secretary
 Professor of Russian
 Professor of Work Psychology



The University Of Sheffield.

The Octagon Centre.



The Union Of Students.



University House & Visitor Information.



The University of Sheffield
FIRTH COURT



Our
Financial
Statements
2007–2008.



Ingots' sculpture at the Edge, Endcliffe Village

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 here.

The Senate

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

The Court

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

The Council

The University's Council is the governing body of the University, responsible for the strategic development and overall performance of the University's business. Council membership comprises lay and academic persons appointed under the Statutes of the University, the majority of whom are non-executive. The role of the Chair of the Council is separate from the role of the University's Chief Executive, the Vice-Chancellor. The matters specially reserved to the Council for decision are set

out in the Statutes of the University; by custom and under the Financial Memorandum with the Higher Education Funding Council for England, the Council holds to itself the responsibilities for the ongoing strategic direction of the University, approval of major developments and the receipt of regular reports from Executive Officers on the day-to-day operations of its business and its subsidiary companies. Much of the work of Council is carried out through formally constituted committees, including the following:

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

presentation to the Council of a University Site Development Plan and for ensuring that the Plan is updated periodically. The Chair of the Facilities Management Committee is Mr P Firth. At the Council meeting on 14th July 2008 it was approved that the Facilities Management Committee be replaced by an Estates Committee and that the membership of the Committee be constituted to draw on the independent specialist knowledge and expertise available in the property and construction arena.

- The Audit Committee is constituted in line with guidance issued by HEFCE and contains both lay members of the University Council and co-optees with special expertise who are not on 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 chaired by Mrs V Bayliss and is responsible for making recommendations to the governing body on the appointment of both the internal and external auditors to the University.

The Committee meets with the external auditors to discuss their audit findings, and to review and approve the audit aspects of the annual financial statements; and it provides the governing body with its own opinions as required by the HEFCE Code. It also approves and influences the annual audit plan prepared by the University's internal auditors, and considers completed audit reports; these deal with recommendations for the improvement of the University's systems of internal control. The Committee also reviews management responses to audit reports and monitors implementation of recommendations. The Committee also receives and considers reports from HEFCE as they affect the University's business and monitors adherence to the regulatory requirements.

- The Human Resource Management Committee is chaired by Mr GHN Peel. It 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 31st July 2008 and up to the date of approval of the Annual Report and Financial Statements and accords with HEFCE guidance. The

process is regularly reviewed by Council and accords with the Turnbull Guidance. The University has formally adopted the CUC (Committee of University Chairmen) Code which has the key motivation of improving effectiveness of governance structures and processes. During the financial year the University completed a review of its risk and opportunity policy and practices and has implemented the changes emerging from the review. The University has developed a Corporate Risk Register of the critical risks, an Operating Risk Register, and Departmental Risk Registers. A Risk Review Group has been established to oversee these tiers of risk and opportunity management. These were formally approved by Council on 11th June 2007.

4. The following processes have been established:
 - a. The plans and strategic direction of the institution are specifically considered at one of the regular meetings of Council every year.

- b. 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. Council receives periodic reports from the Chairman of the Audit Committee concerning internal control and risk management.
- d. Council has delegated the responsibility to oversee 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 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.
- 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 31st July 2008 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 Council, in accordance with the Charter and Statutes of the University. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it in an auditors' 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 University Council's responsibilities 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 Responsibilities of the University's Council.

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 and the University's affairs as at 31st July 2008 and of the University's and 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 2007;
- 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 31st July 2008 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31st July 2008 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.

KPMG LLP
Chartered Accountants
Registered Auditor

24th November 2008

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 (TDA) 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 TDA and any other conditions which the Funding Council or the TDA 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 31st July 2008. 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 FRS 2, 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 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 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. None of the University's subsidiaries have charitable status.

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 academic, office, ancillary and support buildings was carried out on 31st July 2006 by Gerald Eve, Chartered Surveyors.

An interim valuation of the University's halls of residence and other residential properties was carried out on 31st July 2008 by Saxton Mee. The last full valuation of the University's halls of residence and other residential properties was carried out on 31st July 2005 by Knight Frank plc.

An interim valuation of the University's land upon which Catalyst Higher Education Sheffield PLC (Catalyst) is building the Student Village in accordance with the redevelopment of student residential provision, was carried out on 31st July 2008 by Eadon, Lockwood and Riddle. The last full valuation of this land was carried out on 31st July 2006 by Eadon, Lockwood and Riddle.

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 31st 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 their 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 a 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 FRS 17, except for the USS, a multi-employer scheme, for which contributions are charged directly to the income and expenditure account as if the scheme were a defined contribution scheme. The USPS scheme's assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit method. The post-retirement benefit surplus or deficit is included on the University's balance sheet, net of the related amount of deferred tax. Surpluses are only included to the extent that they are recoverable through reduced contributions in the future or through refunds from the schemes. The current service cost and any past service costs are included in the profit and loss account within operating expenses and the expected return on the schemes' assets, net of the impact of the unwinding of the discount on scheme liabilities, is included within other finance income. Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised, net of the related deferred tax, in the statement of total recognised gains and losses.

23. Provisions, contingent liabilities and contingent assets

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

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



Consolidated Income and Expenditure Account

For the Year Ended 31st July 2008

	Note	Year Ended 31st July 2008 £000	Year Ended 31st July 2007 £000
INCOME			
Funding Council Grants	1	122,056	114,079
Tuition Fees and Education Contracts	2	101,384	90,548
Research Grants and Contracts	3	91,665	84,556
Other Income	4	61,184	46,742
Endowment and Investment Income	5	5,395	2,781
Total Income		381,684	338,706
Less: Share of Income from Joint Ventures		(353)	(307)
Net Income		381,331	338,399
EXPENDITURE			
Staff Costs	6	208,084	197,790
Other Operating Expenses	7	127,028	116,942
Depreciation	12	26,915	21,823
Interest Payable	8	7,057	6,379
Total Expenditure		369,084	342,934
Surplus/(Deficit) on Continuing Operations after Depreciation of Assets at Valuation and Before Tax			
- Group		12,247	(4,535)
- Joint ventures		13	38
- Associates		(896)	(821)
Profit on Sale of Investments		-	4,856
Loss on Disposal of Assets		(890)	(1,377)
Surplus/(Deficit) on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Before Tax	11	10,474	(1,839)
Taxation	10	(48)	(33)
Surplus/(Deficit) on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax		10,426	(1,872)
Minority Interests		(178)	97
Surplus for the Year Transferred to Accumulated Income in Endowment Funds		(392)	(384)
Surplus/(Deficit) on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and After Tax and Minority Interests		9,856	(2,159)

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

Consolidated Statement of Historical Cost Surpluses and Deficits

For the Year Ended 31st July 2008

	Note	Year Ended 31st July 2008 £000	Year Ended 31st July 2007 £000
Surplus/(Deficit) on Continuing Operations Before Tax, Minority Interests and Transfers to Endowments		10,474	(1,839)
Difference Between Historical Cost Depreciation and the Actual Charge for the Year Calculated on the Revalued Amount		5,863	6,127
Realisation of Property Revaluation Gains of Previous Years	22	4,033	11,799
Historical Cost Surplus Before Tax, Minority Interests and Transfers to Endowments		20,370	16,087
Historical Cost Surplus After Tax, Minority Interests and Transfers to Endowments		19,752	15,767

Statement of Consolidated Total Recognised Gains and Losses

For the Year Ended 31st July 2008

	Note	Year Ended 31st July 2008 £000	Year Ended 31st July 2007 £000
Surplus/(Deficit) on Continuing Operations After Depreciation of Assets at Valuation, Disposal of Assets, Tax and Transfers to Endowments		9,856	(2,159)
Unrealised Surplus on Revaluation of Fixed Assets	22	16,753	–
(Decrease)/Increase in Market Value of Endowment Asset Investments	21	(2,162)	1,468
(Decrease)/Increase in Market Value of Fixed Asset Investments	22	(355)	396
Endowment Income Increase for Year	21	392	384
New Endowments Less Realisations	21	301	(131)
Actuarial (Loss)/Gain in Respect of Pension Scheme	30	(18,091)	10,644
Total Recognised Gains Relating to the Period		6,694	10,602
Reconciliation			
Opening Reserves and Endowments		244,625	234,023
Total Recognised Gains for the Year		6,694	10,602
Closing Reserves and Endowments		251,319	244,625

Balance Sheet

as at 31st July 2008

	Note	Group at 31st July 2008 £000	University at 31st July 2008 £000	Group at 31st July 2007 as restated £000	University at 31st July 2007 as restated £000
FIXED ASSETS					
Tangible Assets	12	505,510	487,818	467,842	448,083
Investments	13	7,154	34,917	10,086	37,877
Investment in Joint Ventures					
Share of Gross Assets	13	1,050	–	1,091	–
Share of Gross Liabilities	13	(876)	–	(930)	–
Investment in Associates	13	5,685	–	4,029	–
		518,523	522,735	482,118	485,960
ENDOWMENT ASSETS					
	21	31,697	31,697	33,166	33,166
DEBTORS: DUE AFTER MORE THAN ONE YEAR					
	14	17,587	17,587	17,951	17,951
CURRENT ASSETS					
Stock		405	405	316	316
Debtors	15	43,497	45,250	35,995	41,979
Investments		54,985	54,985	30,792	30,792
Cash at Bank and in Hand		14,717	1,381	17,934	3,043
		113,604	102,021	85,037	76,130
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	16	(103,548)	(105,404)	(91,763)	(94,976)
NET CURRENT ASSETS/(LIABILITIES)					
		10,056	(3,383)	(6,726)	(18,846)
TOTAL ASSETS LESS CURRENT LIABILITIES					
		577,863	568,636	526,509	518,231
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	17	(95,145)	(95,145)	(98,027)	(98,027)
PROVISIONS FOR LIABILITIES AND CHARGES					
	19	(5,006)	(5,006)	(4,711)	(4,711)
NET ASSETS EXCLUDING PENSION LIABILITY					
		477,712	468,485	423,771	415,493
NET PENSION LIABILITY					
	30	(51,286)	(51,286)	(32,591)	(32,591)
NET ASSETS					
		426,426	417,199	391,180	382,902

Balance Sheet

as at 31st July 2008

	Note	Group at 31st July 2008 £000	University at 31st July 2008 £000	Group at 31st July 2007 as restated £000	University at 31st July 2007 as restated £000
DEFERRED CAPITAL GRANTS	20	175,257	175,257	146,616	146,616
ENDOWMENTS					
Expendable	21	3,698	3,698	3,861	3,861
Permanent	21	27,999	27,999	29,305	29,305
		31,697	31,697	33,166	33,166
RESERVES					
Revaluation Reserve	22	205,248	203,677	198,746	198,535
Pension Reserve	30	(51,286)	(51,286)	(32,591)	(32,591)
General Reserve	23	65,660	57,854	45,304	37,176
		219,622	210,245	211,459	203,120
MINORITY INTERESTS		(150)	–	(61)	–
TOTAL FUNDS		426,426	417,199	391,180	382,902

The Financial Statements on pages 52 to 80 were approved by the Council on 24th November 2008 and were signed on its behalf by:

Mr AMC STANIFORTH, Treasurer
 Professor K BURNETT, Vice-Chancellor
 Mr R RABONE, Director of Finance
 The University of Sheffield

Consolidated Cash Flow Statement

For the Year Ended 31st July 2008

	Note	Year Ended 31st July 2008 £000	Year Ended 31st July 2007 £000
CASH FLOW FROM OPERATING ACTIVITIES	25	31,269	23,198
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	26	(1,699)	(3,123)
TAXATION	10	(48)	(33)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	27	(5,271)	(8,238)
MANAGEMENT OF LIQUID RESOURCES		(24,193)	(18,725)
FINANCING	28	(3,010)	14,220
(DECREASE)/INCREASE IN CASH IN THE PERIOD	29	(2,952)	7,299

Note of Movement in Cash Available on Demand and Short-Term Deposits

	Year Ended 31st July 2008 Movement in Year £000	Year Ended 31st July 2007 Movement in Year £000
INCREASE IN SHORT-TERM DEPOSITS	24,193	18,725
(DECREASE)/INCREASE IN CASH AT BANK AND CALL ACCOUNTS	(2,952)	7,299
TOTAL INCREASE IN CASH AND LIQUID RESOURCES	21,241	26,024

Reconciliation of Net Cash Flow to Movement in Net Debt

	Note	Year Ended 31st July 2008 £000	Year Ended 31st July 2007 £000
(DECREASE)/INCREASE IN CASH IN THE PERIOD		(2,952)	7,299
INCREASE IN SHORT-TERM DEPOSITS		24,193	18,725
NET CASH OUTFLOW FROM REVOLVING CREDIT FACILITY		–	42,700
ADDITIONAL DEBT		–	(60,000)
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS		3,010	3,117
MOVEMENT IN NET DEBT IN PERIOD		24,251	11,841
NET DEBT AT 1st AUGUST AS PREVIOUSLY STATED		(48,445)	(62,200)
PRIOR YEAR ADJUSTMENT			1,914
NET DEBT AT 1st AUGUST			(60,286)
NET DEBT AT 31st JULY	29	(24,194)	(48,445)

Notes to the Financial Statements

Note 1: Funding Council Grants

	Year Ended 31st July 2008 £000	Year Ended 31st July 2007 £000
Recurrent Grant	109,580	104,705
Specific Grants		
Training and Development Agency for Schools Grant	975	820
Higher Education Innovation Fund (Rounds 2 & 3)	2,971	1,400
Teaching Quality Enhancement Fund (Rounds 2 & 3)	579	520
Leadership, Governance and Management Fund	722	–
Other	771	1,424
Deferred Capital Grants Released in Year		
Buildings (Note 20)	4,157	3,269
Equipment (Note 20)	2,301	1,941
	122,056	114,079

Note 2: Tuition Fees and Education Contracts

Home Full-time Undergraduate Students	30,217	22,331
Home Full-time Postgraduate Students	7,765	7,310
Home Part-time Students	2,407	2,217
Overseas Students	34,293	29,323
NHS Education Contracts	13,963	18,029
Research Training Support Grants and Other Fees	12,739	11,338
	101,384	90,548

Note 3: Research Grants and Contracts

	Year Ended 31st July 2008 £000	Year Ended 31st July 2007 £000
Research Councils	38,344	34,948
UK Based Charities	12,222	11,477
European Commission	9,023	7,918
Other Grants and Contracts	28,131	26,932
Release from Deferred Capital Grants (Note 20)	3,945	3,281
	91,665	84,556

Note 4: Other Income

Residences, Catering and Conferences	20,127	18,906
Other Services Rendered	19,308	11,019
Health Authorities	6,656	6,682
Release from Deferred Capital Grants (Note 20)	3,278	2,178
Other Income	11,462	7,650
Income from Joint Ventures	353	307
	61,184	46,742

Note 5: Endowment and Investment Income

Income from Expendable Endowments (Note 21)	345	778
Income from Permanent Endowments (Note 21)	818	252
Other Investment Income	4,232	1,751
	5,395	2,781

Notes to the Financial Statements

Note 6: Staff

	Year Ended 31st July 2008 £000	Year Ended 31st July 2007 £000
Staff Costs:		
Wages and Salaries	170,756	162,776
Social Security Costs	14,456	14,090
Other Pension Costs (Note 30)	22,872	20,924
	208,084	197,790

Emoluments of the Vice-Chancellor included above for the period 1st August 2007 to 31st December 2007:

Salary	99	209
Benefits in Kind	2	5
	101	214
Pension Contributions	14	29
Total	115	243

Emoluments of the Vice-Chancellor included above for the period 1st September 2007 to 31st July 2008:

Salary	191
Benefits in Kind	6
	197
Pension Contributions	22
Total	219

The current Vice-Chancellor took up office on 1st October 2007.

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.

	Year Ended 31st July 2008 Number	Year Ended 31st July 2007 Number
£100,000 - £109,999	20	25
£110,000 - £119,999	15	6
£120,000 - £129,999	7	8
£130,000 - £139,999	6	11
£140,000 - £149,999	12	12
£150,000 - £159,999	4	8
£160,000 - £169,999	7	3
£170,000 - £179,999	5	3
£180,000 - £189,999	3	–
£190,000 - £199,999	3	2
£200,000 - £209,999	1	3

	Number of FTEs	Number of FTEs
Academic	1,972	2,081
Academic Services	443	391
Central Administration and Services	481	505
Premises	396	393
Research, Grants and Contracts	1,453	1,384
Residences, Catering and Conferences	201	232
Staff and Student Facilities	136	135
	5,082	5,121

Notes to the Financial Statements

Note 7: Other Operating Expenses

	Year Ended 31st July 2008	Year Ended 31st July 2007
	£000	£000
Consumables and Laboratory Expenditure	11,067	13,391
Books and Periodicals	2,865	2,588
Printing, Stationery and Postage	3,565	2,900
Rates	816	917
Fellowships, Scholarships and Prizes	24,569	20,417
Furniture and Equipment	10,701	8,554
Heat, Light, Water and Power	9,132	7,404
Repairs and General Maintenance	7,079	7,354
Grants to University of Sheffield Students' Union	1,594	1,373
Rents	10,785	8,300
Auditors' Remuneration	61	63
Auditors' Remuneration in Respect of Non-Audit Services	73	113
Professional Fees	7,781	6,848
Provision for Bad and Doubtful Debts	1,209	207
Administrative Expenses	4,723	5,916
Travel and Subsistence Expenses	8,424	7,247
Payments to Non-Contracted Staff	11,263	13,943
Conference and Meeting Expenditure	1,296	1,465
Professional Subscriptions	1,700	781
Restructuring Costs and Redundancy Payments	624	879
Other Expenses	7,701	6,282
	127,028	116,942

Auditors' remuneration for the University of Sheffield is £48,360 (2007: £46,500).

The provision for bad and doubtful debts as at 31st July 2008 is £3,307,000 and includes £81,000 in respect of the related party Celltran Limited.

Note 8: Interest Payable and Similar Charges

	Year Ended 31st July 2008	Year Ended 31st July 2007
	£000	£000
Loans Wholly Repayable Within Five Years	1,266	1,856
Loans Not Wholly Repayable Within Five Years	5,171	4,048
Finance Pension Costs	620	475
	7,057	6,379

Note 9: Analysis of 2007–08 Expenditure by Activity

	Staff Costs £000	Operating Expenses £000	Dep'n £000	Interest Payable £000	Total £000
Academic Departments	107,818	24,163	3,759	–	135,740
Academic Services	12,199	8,954	1,143	–	22,296
Central Administration and Services	14,475	8,909	1,220	–	24,604
General Educational Expenditure	3,742	12,498	–	–	16,240
Staff and Student Facilities	4,260	3,064	5	61	7,390
Research Grants and Contracts	43,369	22,758	4,363	–	70,490
Residences, Catering and Conferences	4,903	16,944	1,149	–	22,996
Premises	8,105	17,695	14,997	6,374	47,171
Other Expenses	9,213	12,043	279	622	22,157
	208,084	127,028	26,915	7,057	369,084

The depreciation charge has been funded by:

Deferred Capital Grants Released	13,681
Revaluation Reserve Released (Note 22)	5,863
General Income	7,371
	26,915

Notes to the Financial Statements

Note 10: Taxation

	Year Ended 31st July 2008	Year Ended 31st July 2007
	£000	£000
Current Tax	69	33
Prior Year Overprovision	(24)	–
Deferred Tax	3	–
United Kingdom Corporation Tax – Group	48	33

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 31st 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.

	Group Year Ended 31st July 2008	University Year Ended 31st July 2008	Group Year Ended 31st July 2007	University Year Ended 31st July 2007
	£000	£000	£000	£000
Total	3,198	3,198	4,196	4,196

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

	Year Ended 31st July 2008	Year Ended 31st July 2007
	£000	£000
The Surplus/(Deficit) on Continuing Operations for the Period is made up as follows:		
University's Surplus/(Deficit) for the Period Before Loss on Disposal of Fixed Assets	11,299	(4,047)
(Loss)/Profit on Disposal of Fixed Assets and Investments	(890)	3,479
Consolidation of Subsidiary Companies	948	(488)
Group Surplus/(Deficit) for the Period	11,357	(1,056)
Share of Associates' and Joint Ventures' Deficit	(883)	(783)
Surplus/(Deficit) on Continuing Operations Before Tax	10,474	(1,839)

Notes to the Financial Statements

Note 12: Tangible Assets (Group)

	Land and Buildings		Assets in Course of Construction	Equipment	Leased Equipment	Total
	Freehold	Long Leasehold				
	£000	£000	£000	£000	£000	£000
Valuation/Cost						
At 1st August 2007						
Valuation	401,597	39,298	–	960	–	441,855
Cost	11,924	101	28,809	72,926	6,797	120,557
Additions at Cost	11,666	1,317	26,735	12,700	–	52,418
Transfers	11,517	593	(18,967)	6,857	–	–
Gain on Revaluation	17,250	796	–	–	–	18,046
Loss on Revaluation	(4,430)	(57)	–	–	–	(4,487)
Disposals						
Valuation	(2,704)	(2,044)	–	–	–	(4,748)
Cost	–	–	–	(7,402)	(1,957)	(9,359)
At 31st July 2008						
Valuation	411,713	37,993	–	960	–	450,666
Cost	35,107	2,011	36,577	85,081	4,840	163,616
Depreciation						
At 1st August 2007	32,109	1,721	–	54,090	6,650	94,570
Charge for Year	15,467	1,515	–	9,786	147	26,915
Revaluation	(2,957)	(239)	–	–	–	(3,196)
Eliminated on Disposals	(113)	(97)	–	(7,350)	(1,957)	(9,517)
At 31st July 2008	44,506	2,900	–	56,526	4,840	108,772
Net Book Value						
At 31st July 2008	402,314	37,104	36,577	29,515	–	505,510
At 1st August 2007	381,412	37,678	28,809	19,796	147	467,842

Note 12: Tangible Assets (University)

	Land and Buildings		Assets in Course of Construction	Equipment	Leased Equipment	Total
	Freehold	Long Leasehold				
	£000	£000	£000	£000	£000	£000
Valuation/Cost						
At 1st August 2007						
Valuation	385,034	35,454	–	960	–	421,448
Cost	11,924	101	28,809	72,786	6,797	120,417
Additions at Cost	11,667	1,317	26,735	12,602	–	52,321
Transfers	11,517	593	(18,967)	6,857	–	–
Gain on Revaluation	16,330	643	–	–	–	16,973
Loss on Revaluation	(4,102)	–	–	–	–	(4,102)
Disposals						
Valuation	(1,169)	–	–	–	–	(1,169)
Cost	–	–	–	(7,402)	(1,957)	(9,359)
At 31st July 2008						
Valuation	396,093	36,097	–	960	–	433,150
Cost	35,108	2,011	36,577	84,843	4,840	163,379
Depreciation						
At 1st August 2007	31,512	1,573	–	54,047	6,650	93,782
Charge for Year	15,140	1,458	–	9,768	147	26,513
Revaluation	(2,103)	(131)	–	–	–	(2,234)
Eliminated on Disposals	(43)	–	–	(7,350)	(1,957)	(9,350)
At 31st July 2008	44,506	2,900	–	56,465	4,840	108,711
Net Book Value						
At 31st July 2008	386,695	35,208	36,577	29,338	–	487,818
At 1st August 2007	365,446	33,982	28,809	19,699	147	448,083

Notes to the Financial Statements

Note 13: Fixed Asset Investments

	Group Year Ended 31st July 2008 £000	University Year Ended 31 July 2008 £000	Group Year Ended 31st July 2007 £000 as restated	University Year Ended 31st July 2007 £000 as restated
Balance at 1st August	14,275	37,877	9,164	45,556
Additions	47	–	1,396	1,346
Disposals	(17)	(17)	(144)	(149)
Investment Return on				
Escafeld Estates Limited	–	(2,697)	–	(8,251)
Loans to Associate Companies	114	114	(874)	(874)
Appreciation on Revaluation	(360)	(360)	249	249
Other Net (Losses)/Gains	(1,046)	–	4,484	–
Balance at 31st July	13,013	34,917	14,275	37,877
Represented By:				
Fixed Interest Stocks	1,743	1,743	1,321	1,321
Unit Trusts/Property Trusts	45	45	93	93
Equities – Non Group Holdings	9,280	3,917	–	4,676
Equities – Group Holdings	–	27,228	11,055	29,888
Escafeld Estates Limited	–	39	–	93
Loans to Associate Companies	1,868	1,868	1,754	1,754
Cash	77	77	52	52
Total Fixed Asset Investments	13,013	34,917	14,275	37,877
Fixed Interest and Equities at Cost and Bank Balances	3,121	30,053	8,872	32,767

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.

Notes to the Financial Statements

Note 14: Debtors: Amounts falling due after more than one year

	Group Year Ended 31st July 2008 £000	University Year Ended 31st July 2008 £000	Group Year Ended 31st July 2007 £000	University Year Ended 31st July 2007 £000
Prepayment: Capital Contribution to Residences Project	17,587	17,587	17,951	17,951

Note 15: Debtors: Amounts falling due within one year

Debtors	37,918	37,000	33,161	29,119
Amounts Owed by Subsidiary Undertakings	–	3,871	–	10,026
Prepayment: Capital Contribution to Student Village Project	329	329	193	193
Other Prepayments and Accrued Income	5,250	4,050	2,641	2,641
	43,497	45,250	35,995	41,979

Note 16: Creditors: Amounts falling due within one year

	Group Year Ended 31st July 2008 £000	University Year Ended 31st July 2008 £000	Group Year Ended 31st July 2007 £000	University Year Ended 31st July 2007 £000
Bank Loans and Overdrafts	2,665	2,665	2,793	2,793
Payments Received in Advance	52,635	52,253	46,404	45,821
Creditors	31,514	32,461	19,733	23,664
Amounts Owed to Subsidiary Undertakings	–	1,513	–	–
Social Security and Other Taxation Payable	4,895	4,876	4,759	4,750
Accruals	11,791	11,636	18,047	17,948
Corporation Tax	48	–	27	–
	103,548	105,404	91,763	94,976

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

	Group Year Ended 31st July 2008 £000	University Year Ended 31st July 2008 £000	Group Year Ended 31st July 2007 £000	University Year Ended 31st July 2007 £000
Unsecured Loans Repayable:				
Between One and Two Years	2,665	2,665	2,793	2,793
Between Two and Five Years	8,004	8,004	8,379	8,379
In Five Years or More	84,476	84,476	86,855	86,855
	95,145	95,145	98,027	98,027

Notes to the Financial Statements

Note 18: Borrowings

Summary of University Borrowing at 31st July 2008

Institution	Date	Term	Type	Interest	Due within one year £000	Due in more than one year £000
Barclays	22nd June 2004	up to 5 years	Revolving Credit Facility	Variable	–	–
Barclays	12th May 2006	up to 30th June 2009	Revolving Credit Facility	Variable	–	–
Unifund PLC	31st May 2007	40 years	Private Placement	Fixed - 5.3300%	–	59,730
Lloyds TSB PLC	30th November 2007	15 years	Term Loan	Fixed - 5.4750% Variable - 5.9512%	2,665	35,415
					2,665	95,145

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.

Notes to the Financial Statements

Note 19: Provisions for Liabilities and Charges

	Retirement Costs £000	Other £000	Total £000
At 1st August 2007	4,354	357	4,711
Utilised in Year	(1,184)	(87)	(1,271)
Transfer From Income and Expenditure Account	621	945	1,566
At 31st July 2008	3,791	1,215	5,006

The provision for early retirement is the estimated liability that will arise from agreed early retirements under the University's restructuring arrangements. Included within other provisions are 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 £80,000 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.

Note 20: Deferred Capital Grants

	Funding Council £000	Other Grants & Benefactions £000	Total £000
At 1st August 2007			
Buildings	68,559	52,984	121,543
Equipment	16,835	8,238	25,073
Total	85,394	61,222	146,616
Cash Received			
Buildings	21,976	9,436	31,412
Equipment	2,123	8,787	10,910
Total	24,099	18,223	42,322
Released to Income and Expenditure			
Buildings (Notes 1, 3 and 4)	4,157	2,850	7,007
Equipment (Notes 1, 3 and 4)	2,301	4,373	6,674
Total	6,458	7,223	13,681
At 31st July 2008			
Buildings	86,378	59,570	145,948
Equipment	16,657	12,652	29,309
Total	103,035	72,222	175,257

Notes to the Financial Statements

Note 21: Endowments

	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	Total Year Ended 31st July 2008 £000
Balances at 1st August 2007					
Capital	6,546	19,570	26,116	3,401	29,517
Accumulated Income	–	3,189	3,189	460	3,649
	6,546	22,759	29,305	3,861	33,166
New Endowments Received	–	578	578	1	579
Investment Income (Note 5)	258	560	818	345	1,163
Expenditure	(258)	(385)	(643)	(128)	(771)
Realisations	–	(44)	(44)	(234)	(278)
Decrease in Market Value	(436)	(1,580)	(2,016)	(146)	(2,162)
At 31st July 2008	6,110	21,888	27,998	3,699	31,697

Representing

Fellowship and Scholarship Funds	–	9,311	9,311	2,514	11,825
Prize Funds	–	838	838	408	1,246
Chair and Lectureship Funds	–	3,154	3,154	58	3,212
Other Funds	6,110	8,585	14,695	719	15,414
	6,110	21,888	27,998	3,699	31,697

Represented by

Capital	6,110	18,569	24,679	3,106	27,785
Accumulated Income	–	3,319	3,319	593	3,912
	6,110	21,888	27,998	3,699	31,697

The value of Endowment Asset Investments at 31st July 2008 was represented by:

	Total Year Ended 31st July 2008 £000
Fixed Interest Stocks	10,210
Unit Trusts/Property Trusts	241
Equities	16,835
Land and Property	37
Bank Balances	4,374
Total Endowment Assets	31,697

Endowments have been adjusted in accordance with the 2007 SORP for Further and Higher Education.

Notes to the Financial Statements

Note 22: Revaluation Reserve

	Group Year Ended 31st July 2008	University Year Ended 31st July 2008	Group Year Ended 31st July 2007 as restated	University Year Ended 31st July 2007 as restated
	£000	£000	£000	£000
Balance at 1st August Previously Stated				
– Tangible Assets	194,644	194,786	212,570	208,839
– Investments	4,102	3,749	2,611	2,478
	198,746	198,535	215,181	211,317
Prior Year Adjustments				
– Investments	–	–	1,095	1,095
Revaluation in Year				
– Tangible Assets	16,753	15,105	–	–
– Investments	(355)	(355)	396	176
Released to Income & Expenditure Account on				
Sale of Tangible Asset	(4,033)	(4,047)	(11,799)	(8,381)
Contribution to Depreciation	(5,863)	(5,561)	(6,127)	(5,672)
Balance at 31st July				
– Tangible Assets	201,501	200,283	194,644	194,786
– Investments	3,747	3,394	4,102	3,749
	205,248	203,677	198,746	198,535

The Revaluation Reserve in respect of investments has been adjusted in accordance with the 2007 SORP for Further and Higher Education with respect to Endowments.

Note 23: General Reserve

	Group Year Ended 31st July 2008	University Year Ended 31st July 2008	Group Year Ended 31st July 2007 as restated	University Year Ended 31st July 2007 as restated
	£000	£000	£000	£000
Balance at 1st August as Previously Stated	45,304	37,176	28,020	25,210
Prior Year Adjustment in Respect of Endowments	–	–	801	801
Balance at 1st August as Restated	45,304	37,176	28,821	26,011
Surplus/(Deficit) after Depreciation of Assets	9,856	10,520	(2,159)	(2,136)
Release from Revaluation Reserve	9,896	9,608	17,926	14,053
	65,056	57,304	44,588	37,928
Add Back Pension Deficit	604	604	716	716
Unrealised Profit on Disposal of Fixed Assets	–	(54)	–	(1,468)
Balance at 31st July	65,660	57,854	45,304	37,176

Note 24: Pension Reserve

Balance at 1st August	(32,591)	(32,591)	(42,519)	(42,519)
Actuarial (Loss)/Gain in Respect of Pension Scheme	(18,091)	(18,091)	10,644	10,644
Less Pension Deficit from General Reserve	(604)	(604)	(716)	(716)
Balance at 31st July	(51,286)	(51,286)	(32,591)	(32,591)

Notes to the Financial Statements

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

	Year Ended 31st July 2008	Year Ended 31st July 2007
	£000	£000
Deficit/(Surplus) Before Tax	9,808	(2,126)
Depreciation (Note 12)	26,915	21,823
Loss/(Profit) on Disposal of Assets	890	(3,479)
Deferred Capital Grants Released to Income (Note 20)	(13,681)	(10,670)
Pension Costs Less Contributions Payable	604	716
Investment Income	(4,736)	(2,781)
Interest Payable	6,435	5,904
Increase in Stocks	(88)	(41)
(Increase)/Decrease in Debtors	(7,138)	2,710
Increase in Creditors	11,965	11,861
Increase/(Decrease) in Provisions	295	(719)
Net Cash Inflow from Operating Activities	31,269	23,198

Note 26: Returns on Investments and Servicing of Finance

	Year Ended 31st July 2008	Year Ended 31st July 2007
	£000	£000
Income from Endowments	1,289	1,205
Income from Short-Term Investments	3,447	1,576
Interest Paid	(6,435)	(5,904)
Net Cash Outflow from Returns on Investments and Servicing of Finance	(1,699)	(3,123)

Note 27: Capital Expenditure and Financial Investment

	Year Ended 31st July 2008	Year Ended 31st July 2007
	£000	£000
Tangible Assets Acquired (other than Leased Equipment)	(52,418)	(50,350)
Fixed Asset Investments Acquired	(275)	(4,213)
Endowment Asset Investments Acquired	(331)	102
Total Fixed and Endowment Asset Investments Acquired	(53,024)	(54,461)
Receipts from Sales of Fixed Assets	4,835	17,795
Fixed Asset Loan Investments Repaid	–	1,127
Deferred Capital Grants Received	42,322	27,049
Utilisation of Endowment Fund Balances	265	354
Endowments Received	331	(102)
Net Cash Outflow from Capital Expenditure and Financial Investment	(5,271)	(8,238)

Note 28: Analysis of Changes in Financing During the Year

	Finance Leases £000	Mortgages & Loans £000	Total £000
Balance at 1st August 2006	235	86,365	86,600
New Leases/Loans	–	157,900	157,900
Capital Repayments	(235)	(143,445)	(143,680)
Net Amount (Released)/Acquired in Year	(235)	14,455	14,220
Balance at 31st July 2007	–	100,820	100,820
New Leases/Loans	–	39,314	39,314
Capital Repayments	–	(42,324)	(42,324)
Net Amount Released in Year	–	(3,010)	(3,010)
Balances at 31st July 2008	–	97,810	97,810

Notes to the Financial Statements

Note 29: Analysis of Changes in Net Debt

	At 1st August 2007 as restated £000	Cash Flows £000	Other Changes £000	At 31st July 2008 £000
Cash at Bank and in Hand:				
Endowment Assets	3,649	265	–	3,914
Other	16,149	(1,709)	–	14,440
Deposits Repayable on Demand	1,785	(1,508)	–	277
Total Cash at Bank and in Hand	21,583	(2,952)	–	18,631
Short-Term Deposits	30,792	24,193	–	54,985
Debt Due Within One Year	(2,793)	128	–	(2,665)
Debt Due After One Year	(98,027)	2,882	–	(95,145)
Total	(48,445)	24,251	–	(24,194)

Note 30: Pension Schemes

Different categories of staff are 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 covers a small number of academic staff who elected not to transfer to USS when the new scheme was established in 1975, and 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 31st July 2008 £000	Year Ended 31st July 2007 £000
USS	16,885	14,979
USPS including FRS 17 adjustments	4,493	4,476
Other Pension Schemes	1,494	1,469
	22,872	20,924

(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.

It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme, therefore full FRS 17 disclosure is not required. 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 31st March 2005. The 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 assumed rates of mortality. In relation to past service liabilities the financial assumptions were derived from the market yields prevailing at the valuation date. It was assumed that the valuation rate of

Notes to the Financial Statements

Note 30: Pension Schemes (continued)

interest would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion and a further amount of £800m of liabilities to reflect recent experience) and pensions would increase by 2.9% per annum. In relation to future service liabilities it was assumed that the valuation would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pension would increase by 2.9% per annum. The assumptions are summarised below.

Latest actuarial valuations	USS 31st March 2005	
	Future Service Liabilities	Past Service Liabilities
Actuarial Assumptions:		
Investment return per annum	6.20%	4.50%
Salary increases per annum	3.90%	3.90%
Pension increases per annum	2.90%	2.90%
Market value of assets at date of last valuation	£21,740 million	
Proportion of members' accrued benefits covered by the actuarial value of the assets	77%	

Standard mortality tables were used as follows:

Pre-retirement mortality	PA92 rated down
Post-retirement mortality	PA92 (C=2020) for all retired and non-retired members

Use of these mortality tables reasonably reflects the actual USS experience, but also provide an element of conservatism to allow for further small improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males	19.8 years
Females	22.8 years

At the valuation date the value of the assets of the scheme was £21,740m and the value of past service liabilities was £28,308m, indicating a deficit of £6,568m. The assets therefore were 77% 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. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at that date; under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company, and using the FRS 17 formula as if USS was a single employee scheme, the actuary estimated that the funding level would have been approximately 90%.

Since March 2005 the funding level of the scheme has undergone considerable volatility. The actuary has estimated that the funding level had increased to 91% at 31st March 2007 but that at 31st March 2008 it had fallen back to 77%. This fluctuation in the scheme's funding level is due to a combination of the volatility of the investment returns on the scheme's assets in the period since 31st March 2005 compared to the returns allowed for in the funding assumptions and also the changing gilt yields, which are used to place a value on the scheme's liabilities. The estimated funding levels are based on the funding levels at 31st March 2005, adjusted to reflect the fund's actual investment performance and changes in gilt yields (i.e. the valuation rate of interest). On the FRS 17 basis, using a AA bond discount rate of 6% based on spot yields, the actuary estimated that the funding level at 31st March 2008 was 104%. An estimate of the funding level measured on a buy-out basis was approximately 78%.

At the date of the valuation the University contribution rate required for future service benefits was 14.3% of pensionable salaries but the trustee company on the advice of the actuary, decided to maintain the contribution rate at 14% of pensionable salaries. Surpluses or deficits which arise at future valuations may impact on the University's future contribution commitment.

The next formal triennial actuarial valuation was due as at 31st March 2008. The contribution rate will be reviewed as part of each valuation.

Notes to the Financial Statements

FRS 17 (Retirement Benefits)

Under the definitions set out in Financial Reporting Standard 17 (FRS 17) Retirement Benefits the following disclosure is required for the University of Sheffield Pension Scheme.

A disclosure is not required under FRS 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.

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

The University of Sheffield Pension Scheme (USPS) provides for all non-academic staff. The latest actuarial valuation was carried out as at 1st April 2005. The assumptions used for that valuation and the main results, are shown in the table below.

	USPS 1st April 2005
Latest actuarial valuations	
Actuarial assumptions:	
Investment return per annum	6.90%
Salary increases per annum	4.20%
Pension increases per annum	2.70%
Market value of assets at date of last valuation	£62 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	81%

FRS 17 (Retirement Benefits) Disclosure for the accounting period ending 31st July 2008 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 scheme.
- The last formal actuarial valuation of the scheme was performed as at 1st April 2005 by a professionally qualified actuary and the next valuation was due to be undertaken as at 1st April 2008.
- During the accounting period, the University paid contributions to the pension scheme at the rate of 15.6% of pensionable salaries. Since May 2008, the University also contributes the Salary Sacrifice amount for each non-contributory member (i.e. those participating in the Salary Sacrifice arrangement). Except for non-contributory members, members are required to contribute 6% 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 ceased accruing for all such employees except in respect of one member. The University currently pays ex-gratia pensions of £382,000 pa. These liabilities are not separately funded.

Financial assumptions

The financial assumptions used to calculate scheme liabilities under FRS 17 are as follows:

	At 31st July 2008 %pa	At 31st July 2007 %pa	At 31st July 2006 %pa
Inflation (RPI)	3.90	3.30	3.00
Rate of increase in salaries	5.40	4.80	4.50
Rate of increase of pensions in payment*	3.90	3.30	3.00
Rate of increase for deferred pensioners	3.90	3.30	3.00
Discount rate	6.40	5.80	5.10

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

Notes to the Financial Statements

Note 30: Pension Schemes (continued)

Life Expectancy

The table below shows the life expectancy assumptions used in accounting assessments based on the life expectancy of male and female members at the age of 65.

	Males		Females	
	Pensioner	Non-pensioner	Pensioner	Non-pensioner
At 31st July 2008	19.3	20.2	22.3	23.2
At 31st July 2007	19.3	20.2	22.3	23.2

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.

	Fair value	Fair value	Fair value	Fair value
	as at 31st July 2008	as at 31st July 2007	as at 31st July 2006	as at 31st July 2005
	£000	£000	£000	£000
Equities	66,343	74,545	69,926	59,017
Property	2,542	3,716	–	–
Corporate Bonds	1,749	1,114	–	–
Government Bonds	6,802	5,639	12,090	9,814
Cash	6,031	7,534	673	608
Total	83,467	92,548	82,689	69,439

The values for the years ending 31st July 2006 and 31st July 2005 have not been restated at bid-price and are valued at mid-market price. The values for the years ending 31st July 2007 and 31st July 2008 are at bid-price.

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

At 31st July 2008 %pa	7.88
At 31st July 2007 %pa	7.48

Components of defined benefit cost

	Year to 31st July 2008		Year to 31st July 2007	
	USPS £000	Ex-gratia pensions £000	USPS £000	Ex-gratia pensions £000
Amounts charged to operating surplus:				
Current service cost	5,143	–	5,171	–
Past service costs	32	–	58	–
Total charge to operating surplus:	5,175	–	5,229	–

Other amounts charged to income and expenditure account:

(Gain)/Loss on settlements	–	–	–	–
(Gain)/Loss on curtailments	–	–	–	–
Net (Gain)/Loss charged to income and expenditure account	–	–	–	–

Amounts charged to other finance income:

Interest cost	7,018	303	6,196	269
Expected return on assets	(7,001)	–	(6,290)	–

Net charge/(credit) to other finance income	17	303	(94)	269
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Total income and expenditure account charge before deduction for tax	5,192	303	5,135	269
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Analysis of amounts recognised in STRGL:

Loss/(Gain) on assets	18,189	–	(769)	–
Experience loss on liabilities	–	39	–	276
Loss/(Gain) on change of assumptions	142	(279)	(9,950)	(201)
Total Loss/(Gain) recognised in STRGL before adjustment for tax	18,331	(240)	(10,719)	75

Notes to the Financial Statements

Note 30: Pension Schemes (continued)

History of experience gains and losses

	Year to 31st July 2008		Year to 31st July 2007		Year to 31st July 2006	
	USPS	Ex-gratia pensions	USPS	Ex-gratia pensions	USPS	Ex-gratia pensions
Loss/(Gain) on assets:						
Amount (£000)	18,189	–	(769)	–	(3,725)	–
% of assets at end of year	22%	–	-1%	–	-5%	–
Experience Loss on liabilities						
Amount (£000)	–	39	–	276	1,889	179
% of liabilities at end of year	–	1%	–	5%	2%	3%
Total actuarial Loss/(Gain)						
Amount (£000)	18,331	(240)	(10,719)	75	2,645	199
% of liabilities at end of year	14%	5%	-9%	1%	2%	4%

	Year to 31st July 2005		Year to 31st July 2004	
	USPS	Ex-gratia pensions	USPS	Ex-gratia pensions
(Gain)/Loss on assets:				
Amount (£000)		(7,896)	–	301
% of assets at end of year		-11%	–	1%
Experience (Gain)/Loss on liabilities				
Amount (£000)		–	(553)	486
% of liabilities at end of year		–	-10%	1%
Total actuarial (Gain)/Loss				
Amount (£000)		(9,781)	–	4,573
% of liabilities at end of year		-9%	–	6%

Cumulative actuarial (gain)/loss recognised in the statement of total actuarial gains and losses

	At 31st July 2008		At 31st July 2007	
	USPS £000	Ex-gratia pensions £000	USPS £000	Ex-gratia pensions £000
Cumulative actuarial (gains)/losses recognised at the start of the year	(6,886)	596	3,833	521
Cumulative actuarial (gains)/losses recognised at the end of the year	11,445	356	(6,886)	596

Reconciliation to balance sheet

	At 31st July 2008		At 31st July 2007		At 31st July 2006	
	USPS £000	Ex-gratia pensions £000	USPS £000	Ex-gratia pensions £000	USPS £000	Ex-gratia pensions £000
Scheme assets	83,467	–	92,548	–	82,689	–
Scheme liabilities	129,657	5,096	119,724	5,415	119,747	5,461
Deficit	(46,190)	(5,096)	(27,176)	(5,415)	(37,058)	(5,461)

Notes to the Financial Statements

Note 30: Pension Schemes (continued)

Analysis of movement in deficit

	At 31st July 2008		At 31st July 2007	
	USPS £000	Ex-gratia pensions £000	USPS £000	Ex-gratia pensions £000
Deficit at beginning of year	(27,176)	(5,415)	(37,058)	(5,461)
Contributions or benefits paid by University	4,509	382	4,298	390
Current service cost	(5,143)	–	(5,171)	–
Past service cost	(32)	–	(58)	–
Settlement cost	–	–	–	–
Curtailment cost	–	–	–	–
Other finance income/(charge)	(17)	(303)	94	(269)
(Loss)/gain recognised in STRGL	(18,331)	240	10,719	(75)
Deficit at end of year	(46,190)	(5,096)	(27,176)	(5,415)

Reconciliation of present value of scheme liabilities

Present value of scheme liabilities at the start of the year				
	119,724	5,415	119,747	5,461
Current service cost (net of member contributions)	5,143	–	5,171	–
Past service cost	32	–	58	–
Interest cost	7,018	303	6,196	269
Actual member contributions (including notional contributions)	1,423	–	1,624	–
Actuarial loss/(gain)	142	(240)	(9,950)	75
Actual benefit payments	(3,825)	(382)	(3,122)	(390)
Present value of scheme liabilities at the end of the year	129,657	5,096	119,724	5,415

Reconciliation of fair value of scheme assets

	Year to 31st July 2008		Year to 31st July 2007	
	USPS £000	Ex-gratia pensions £000	USPS £000	Ex-gratia pensions £000
Fair value of assets at the start of the year	92,548	–	82,689	–
Expected return on assets	7,001	–	6,290	–
Actuarial (gain)/loss on assets	(18,189)	–	769	–
Actual contributions paid by University	4,509	–	4,298	–
Actual member contributions (including notional contributions)	1,423	–	1,624	–
Actual benefit payments	(3,825)	–	(3,122)	–
Fair value of scheme assets at the end of the year	83,467	–	92,548	–

Amounts included in the fair value of assets at the end of the year

	31st July 2008 £000	31st July 2007 £000
For each category of the reporting enterprise's own financial instruments	–	–
For any property occupied by the reporting enterprise	–	–

Notes to the Financial Statements

Note 30: Pension Schemes (continued)

Actual return on scheme assets

	31st July 2008	31st July 2007
	£000	£000
Expected return on scheme assets	7,001	6,290
Asset (loss)/gain	(18,189)	769
Actual return on scheme assets	(11,188)	7,059

Estimated contributions in the Financial Year starting at 1st August 2008

	2008/09
	£000
Estimated contributions paid by the University in the Financial Year 2008–09	6,221
Estimated employee contributions in the Financial Year 2008–09*	–
	6,221

* Assumes 100% member take up of Salary Sacrifice arrangement

Note 31: Capital Commitments

	Consolidated and University	Year Ended
	Year Ended	Year Ended
	31st July 2008	31st July 2007
	£000	£000
Commitments contracted at 31st July	8,654	17,069

Note 32: Financial Commitments

	Consolidated and University	Year Ended
	Year Ended	Year Ended
	31st July 2008	31st July 2007
	£000	£000
Operating lease commitments in respect of buildings and equipment for the 2007–08 financial year, on leases expiring:		
Within one year	49	–
Between two and five years	227	267
Over five years	629	571
	905	838

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	(103)	(4)

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.

The University is a member of a mutual association for the provision of insurance against terrorism risks. In connection with this membership the University has undertaken to loan, if called upon to do so, the sum of £2m. The term of the loan facility is for one year, and any loans made under the facility would be repayable over seven years.

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.

Notes to the Financial Statements

Note 32: Financial Commitments (continued)

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

Subsidiary Companies

AMRC Manufacturing Ltd	100.00%	Engineering and consultancy
epiGenesys Ltd	100.00%	Software solutions
Escafeld Estates Ltd	100.00%	Property disposal company
Farapak Polymers Ltd	100.00%	Innovative packaging solutions
In-Tend Ltd	100.00%	Procurement software
Risk2Value Ltd	75.00%	Insurance services
Sheffield Advisory Services Ltd	100.00%	University Malaysian office
Sheffield University Enterprises Ltd	100.00%	Holding company
South Yorkshire Education Services Ltd	100.00%	Training services
University Knowledge Ltd	100.00%	Exploitation of intellectual property rights
AIVRU Systems Ltd	100.00%	Dormant
Auxetics Ltd	100.00%	Dormant
Biohydrogen Ltd	100.00%	Dormant
Blade Leasing Co Ltd	100.00%	Dormant
Ceregen Ltd	100.00%	Dormant
Dental Teamwork Training Ltd	100.00%	Dormant
First World Manufacturing Ltd	100.00%	Dormant
Invector Ltd	100.00%	Dormant
Luminaires Ltd	100.00%	Dormant
Molecular Healthworks Ltd	100.00%	Dormant

Shefcote Ltd	100.00%	Dormant
Sheffield Centre of Sports Medicine	Limited by Guarantee	Dormant
Sheffield International College Ltd	Limited by Guarantee	Dormant
Thixoforge Ltd	100.00%	Dormant
Unisheff Properties Ltd	100.00%	Dormant
Vforge Ltd	100.00%	Dormant
Viewcheck Ltd	100.00%	Dormant
Wildfire Snowsports Ltd	100.00%	Dormant
Xsuppress Ltd	100.00%	Dormant

Associate Companies

Blastech Ltd	24.88%	Blast, impact and ballistic testing services
Conteque Ltd	24.90%	Novel reinforcement systems for structural concrete
Energy and Power Technology Ltd	41.99%	Combustion technology and energy research
Fusion IP plc	25.46%	Commercialisation of general intellectual property
Limit State Ltd	25.01%	Computational limit analysis and design software
Material State Ltd	25.00%	Advanced materials testing and analysis
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

Notes to the Financial Statements

Note 33: University Companies (continued)

The University also has an interest in the following Joint Venture Companies:

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 England.

Note 34: Hardship Funds

	Consolidated and University Year Ended 31st July 2008 £000	Year Ended 31st July 2007 £000
Balance Unspent at 1st August	74	112
Funding Council Grants	666	732
Interest Earned	14	14
Less Returned to Funding Council	(4)	(32)
	750	826
Disbursed to Students	(737)	(740)
Interest Used to Publicise	(10)	(11)
Audit Fees	(1)	(1)
Balance Unspent at 31st July	2	74

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

	Consolidated and University Year Ended 31st July 2008 £000	Year Ended 31st July 2007 £000
Balance Unspent at 1st August	24	44
TDA Grant Received	1,251	1,183
	1,275	1,227
Disbursed to Students	(1,217)	(1,203)
Balance Unspent at 31st July	58	24

TDA grants for ITT Bursaries are available solely for students: the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

Note 36: TDA Black and Minority Ethnic Recruitment and Retention

Balance Unspent at 1st August	3	2
TDA Basic, Challenge Funds and Recruitment Funds received	5	2
	8	4
Expenditure in the year	(4)	(1)
Balance Unspent at 31st July	4	3

Notes to the Financial Statements

Note 37: Related Party Disclosure

During the year ended 31st July 2008 the University had transactions with a number of organisations which fell within the definition of Related Parties under Financial Reporting Standard 8 "Related Party Disclosures". These include some of the University's subsidiary, associated and joint venture companies, the University of Sheffield Union of Students, the South Yorkshire Higher Education Development Trust and other organisations and companies. Details of transactions are shown below, where material. In accordance with Financial Reporting Standard 8 "Related Party Disclosures" no disclosure has been made of intra-group transactions and balances eliminated on consolidation.

The following cross-memberships with other organisations and companies were also found to exist:

Related Party	Name	Cross Membership
Hotcourses	Prof RF Boucher	Vice-Chancellor of the University of Sheffield Member of Hotcourses Advisory Council Trustee of South Yorkshire Higher Education Development Trust
HESA	Dr DE Fletcher	Registrar and Secretary of the University of Sheffield Director of HESA Director of Sheffield International College
Connexions South Yorkshire Ltd Sheffield Homes Ltd	Prof ADH Crook	Pro Vice-Chancellor Member of University Council Chairman of Connexions South Yorkshire Ltd and Sheffield Homes Ltd
Yorkshire & the Humber Strategic H.A.	Mrs KE Riddle	Chairman of University Council, Pro-Chancellor, Facilities Management Committee, Finance Committee and Senior Remuneration Committee Chairman of Yorkshire & the Humber Strategic Health Authority Family relation is a partner of Eadon, Lockwood and Riddle
Sheffield Church Burgesses Trust	Mr PW Lee	Member of Finance Committee and Facilities Management Committee Trustee of Sheffield Church Burgesses Trust
DLA Piper UK LLP	Mr PN Firth	Member of University Council, Facilities Management Committee, Finance Committee and Senior Remuneration Committee Partner in DLA Piper UK LLP
Fretwell-Downing Group Ltd	Mr CAJ Biggin	Member of University Council and Member of Finance Committee Financial Director of Fretwell-Downing Group Ltd
Footprint Tools Ltd	Mr CJ Jewitt	Member of University Council and Member of Facilities Management Committee Trustee of South Yorkshire Higher Education Development Trust Managing Director of Footprint Tools Ltd

Notes to the Financial Statements

Note 37: Related Party Disclosure (continued)

Related Party	(Income)/Expenditure		(Debtors)/Creditors Balance at 31st July		Details
	2007–08 £000	2006–07 £000	2008 £000	2007 £000	
University Companies					
Adjuvantix Ltd	(95)	(63)	–	–	Research income
Asterion Ltd	(456)	(246)	(17)	(16)	Research income
Axordia Ltd	(443)	(61)	(108)	(8)	Research awards
	30	–	–	–	Research costs
Cavendish Instruments Ltd	(148)	(135)	(57)	(23)	Salary recharges
CellTran Ltd	(144)	(249)	(206)	(171)	Research income
	14	7	–	–	Consumables
In-Tend Ltd	(118)	(5)	(54)	(5)	Salary recharges
Fusion IP plc	(51)	–	(25)	–	Rental charges and operating costs
	(30)	–	–	–	BEM appointment
	7	–	–	–	Professional services
Knowledge Now Ltd	(5)	–	(5)	–	Purchase of software
N8 Ltd	(242)	–	(242)	–	Research costs and salary recharges
	560	–	140	–	Research funding
Sheffield Advisory Services	65	92	–	–	Salaries and expenses of Malaysian office
WUN Foundation Ltd	–	(4)	–	–	Research award
	82	–	41	–	Subscription costs
YHMAN Ltd	(26)	(2)	–	–	Network services charged
	18	19	–	–	Network services paid

Notes to the Financial Statements

Note 37: Related Party Disclosure (continued)

Related Party	(Income)/Expenditure		(Debtors)/Creditors Balance at 31st July		Details
	2007–08 £000	2006–07 £000	2008 £000	2007 £000	
Other Organisations and Companies					
Business Link South Yorkshire	(43)	–	–	–	Professional fees
	39	–	–	–	Consultancy fees
Carillion plc	10	–	–	–	Professional fees
Connexions South Yorkshire Ltd	(2)	–	–	–	Tuition fees
DLA Piper UK LLP	(166)	(56)	(2)	(34)	Consultancy fees
	78	179	–	3	Professional fees
Eadon, Lockwood and Riddle	13	2	–	–	Rental costs
Footprint Tools Ltd	41	25	–	–	Research costs
Fretwell-Downing Group Ltd	10	10	–	3	Conference costs
HESA Ltd	31	31	1	–	Subscription costs
Hotcourses	30	26	–	2	Promotional costs
Sheffield Church Burgesses Trust	314	278	3	6	Rental costs
Sheffield Homes Ltd	(5)	(36)	–	(7)	Consultancy fees
Sheffield NHS Primary Care Trust	(15)	–	(11)	–	Distinction awards
	161	–	2	–	Salary recharges
University of Sheffield Union of Students	(4,124)	(4,091)	–	–	Payroll payment, other services
	373	239	36	–	provided and sundry purchases
	1,488	1,352	–	–	Annual subvention grant
Yorkshire & the Humber Strategic H.A.	(3,604)	(2)	(36)	–	Education contracts
	250	3	–	–	Education costs

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