

The University of Sheffield

Financial Statements

2002/03



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Report of the Treasurer

2002/03

Scope of the Financial Statements

The Consolidated Financial Statements presented to the Council of the University cover all of the University's activities, including Research Grants and Contracts, Conference and Residential Services and companies in which the University has an interest. These companies are detailed in Note 31 to the Financial Statements. This is the second year in which consolidated financial statements have been produced, and the effect of consolidation has been to reduce the University's reported historical cost surplus for the year by £284k.

Highlights of the Year

- 120 new academic appointments made or planned in support of a major staff investment strategy
- Allocation by the HEFCE of 866 additional student places (14% of the national total)

Results for the Year

The Consolidated Income and Expenditure results for the year to 31st July 2003 are summarised as follows:

	2002/03 £000	2001/02 £000
Income	261,475	237,976
Expenditure	260,342	240,703
Operational Surplus/(Deficit) Group	1,133	(2,727)
Joint Ventures	18	12
Associates	(116)	(247)
Profit on Disposal of Assets	61	600
Surplus/(Deficit) on Continuing Operations (after Depreciation of Assets at Valuation, Disposal of Assets), and Before Tax	1,096	(2,362)
Taxation refund/(charge)	14	(31)
Minority Interests	88	(9)
Surplus/(Deficit) on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets, and after Tax and Minority Interests	1,198	(2,402)
Depreciation Attributable to Revaluation	2,198	2,250
Realisation of Property Revaluation Gains of Previous Years	43	1,143
Historical Cost Surplus after Taxation and Minority Interests	3,439	991

The University has achieved an historical cost surplus of £3.4 million in line with expectations. This surplus achieved is equivalent to a margin of 1.3% of turnover. During the year the University revised its financial strategy to incorporate a medium-term target for the surplus of a minimum of 3% of turnover. During the period the University continued to invest in both the physical infrastructure and in academic staffing, with

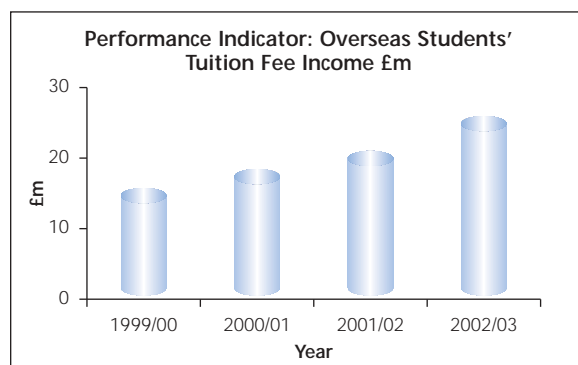
- Opening of new and refurbished buildings:
 - Institute of Molecular Physiology building
 - Underground Laboratory for Dark Matter Research at Boulby (Department of Physics)
 - Dainton Building (Department of Chemistry)
 - Controlled Environment Chambers and refurbished laboratories in the Department of Animal and Plant Sciences
 - Redeveloped sports facilities
- Affirmation of Standard and Poor's rating of AA-/stable
- Establishment of European Framework 6 Office to support the University's full engagement in European research activities
- Award of a third successive Queen's Anniversary Prize for the University's distinguished contribution to the field of ageing research

the intent of underpinning the University's position as a leading institution of higher education.

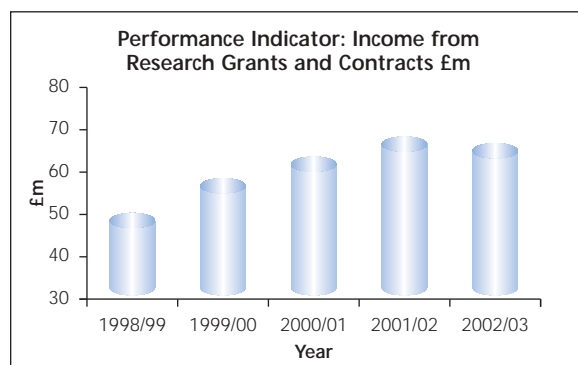
Total income increased by nearly 10% over the previous year to £261m, with expenditure increasing by 8.2% to £260m. This enabled the University to return to a positive operating surplus position. Income from HEFCE grant increased by £8m (10.1%), including an escalator of gross domestic product, additional funded

Report of the Treasurer - Continued

student places and increased research funding arising from excellent ratings in the Research Assessment Exercise (RAE) 2001. Income from tuition fees and education contracts has increased by £11.7m (21.5%) in the main due to the buoyant overseas market, where the growth of £8m over the last four years is depicted below, and the increased income from the NHS contracts.

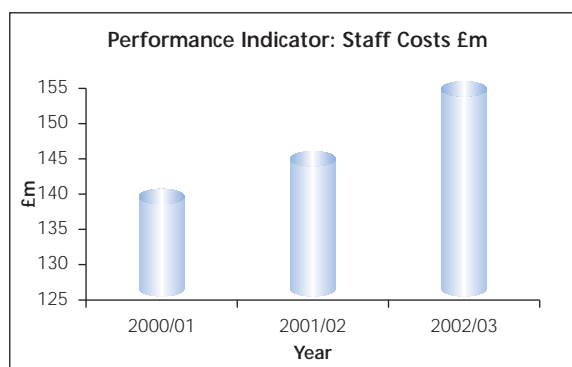


Although the very large growth in research grants and contracts experienced over the last four years has not been sustained, research overhead contribution has still increased by 21%. However, the scale of growth of research income in recent years is evidenced by the fact that the current year's income is 40% higher than the level five years ago.



The increase in 'other income' reflects increases in respect of donations of £700k and release of credit balances of £958k following the closure of South Yorkshire Higher Education Development Trust (SYHEDT). There was also additional income of £1m over the previous year from the first year of operation of the new sports facilities.

Staff costs increased by £10m, (see table below), over the previous year. During the same period average staff numbers had increased by 3%, although the increase in academic staff was nearly 8%, reflecting the strategic investment in new appointments.



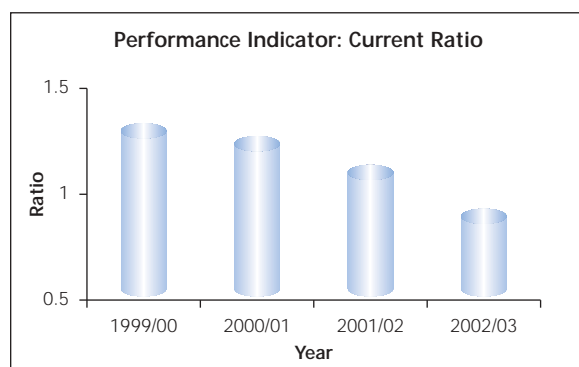
Other operating expenditure also increased by £10m (12%). The significant increases were £1.4m in Doctoral Training Accounts and £3m in Repairs and Maintenance. There were also increases due to the write off of costs in SYHEDT and in Professional Fees from capital projects. Insurance costs also rose in the period by £400k reflecting the continuing capacity and risk pricing in the Insurance markets following the events of September 11th.

Balance Sheet

Asset values for land and buildings have increased in the year due to the interim valuation of residential properties that took place at the balance sheet date. The interim valuation was required under the rules of Financial Reporting Standard 15, as the University has chosen to show its buildings at their revalued amount in the balance sheet, and the last full valuation of residences took place in 2000. The next full valuation will be in 2005 and it is intended to align the revaluation of all properties at this time. The remainder of the increase in fixed asset values is due to capital expenditure during the year, offset by the annual depreciation charge.

The liquidity position has worsened during the year, moving from the position of net current assets of £2.8m at the beginning of the year, to net current liabilities of £6.8m at the year-end, mainly due to a reduction in short-term deposits, included within current asset investments; and debtors, partly offset by an increase in cash and creditors due within one year. The increase in cash at bank is the result of the relatively high level of surplus funds that was invested in call accounts as opposed to term deposits at the balance sheet date.

Report of the Treasurer - Continued



The overall reduction in debtors of £2.5m includes a net increase of £0.7m in the level of research and sundry debtor accruals and debts outstanding; and reductions of £1.4m in prepayments, £0.9m in the VAT debtor balance and £0.5m in tuition fee debtors. The reduction in the level of tuition fee debtors is the fourth consecutive annual reduction, representing a significant achievement in the collection of tuition fee debts.

The increase in creditors due within one year mainly resulted from an increase in sundry accrued expenditure of £3.3m, and an increase of £2.2m in the VAT creditor balance.

Capital Programme

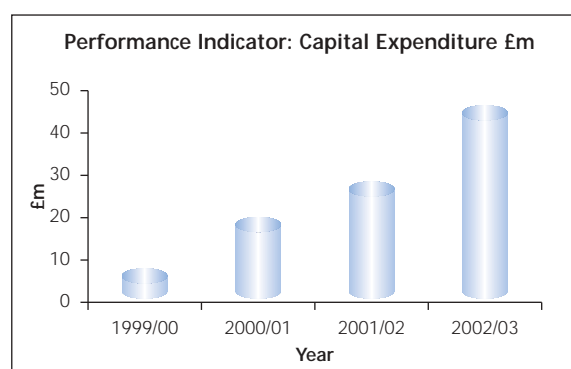
Activity on progressing the Capital Programme accelerated during the year. Major projects included the £8m refurbishment of the East Wing of the Dainton Chemistry building, which was finished in May 2003. The completed project provides an interdisciplinary research centre equipped to carry out research at the interface of chemistry and biology. The project was partially funded by the HEFCE and the Wellcome Trust under the Joint Infrastructure Fund (JIF).

Throughout the year, work continued apace on the refurbishment of laboratories within the Departments of Molecular Biology and Biotechnology and Biomedical Sciences. This major JIF funded project also included the construction of a new building on the open side of the Firth Court quadrangle, which was completed during the financial year. Approximately £20.6m of the total project budget of £29.5m had been expended as at 31st July 2003.

In March 2003 work began on the refurbishment of Floors D to G of the University's Medical School Building at the Royal Hallamshire Hospital, as part of a project to create a Medical Sciences Research Institute. The project, which has attracted funding from the

Wellcome Trust of £9.5m, will cost in excess of £13m and should be completed before the end of 2004. The academic focus of the Institute will be the molecular pathogenesis of common diseases.

Work also began on site on a purpose-built centre conducting high quality research in social policy and methods. The Informatics Collaboratory for the Social Sciences (ICOSS) will house 100 researchers supported by state-of-the-art information and communication technologies. The £5.7m centre, sited at the corner of Leavygreave Road, Victoria Street and Regent Terrace will be largely financed by the HEFCE through the Science Research Investment Fund (SRIF).



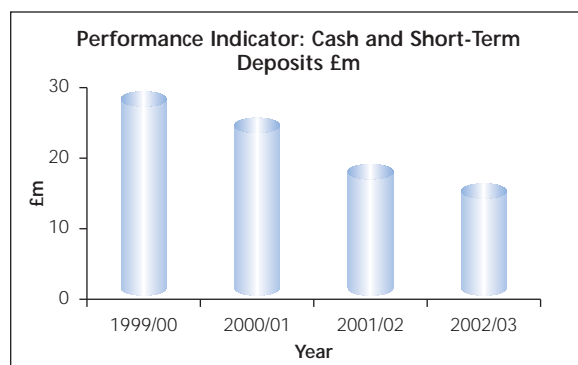
The total level of capital expenditure on buildings in the year was £32.8m, of which £12.7m related to buildings that were still in the course of construction at 31st July. Capital expenditure on equipment during the year was £9.5m, a rise of over 50% on the previous year. Of the total expenditure on equipment, £5.4m was funded from research grants, compared with £4.3m in the previous year.

The University was allocated £27.7m in the second round of SRIF announced in February 2003. The allocation can be used to fund 90% of the cost of eligible projects, which may include the refurbishment of premises, replacement of equipment and the replacement of premises by new build or acquisition. The University has identified a number of projects to which these funds will be applied, including several that address backlog maintenance on buildings and others that are intended to further the University's aims in key areas of research. In July the University Council approved the decision that the planned £28m LRC should not go ahead in the form that was previously envisaged. It was decided that, in view of the current climate of uncertainty about future funding, an investment on that scale constituted too great a risk. However, the University remains committed to continuing the project in a revised form.

Report of the Treasurer - Continued

Cash Flow

The Consolidated Cash Flow Statement shows an increase in cash balances of £3.6m in the year. However, when the decrease in liquid resources (short-term deposit) of £6.8m is taken into account, this represents an overall outflow of cash and liquid resources of £3.2m in the year, used to make loan repayments of £3.1m.



The Reconciliation of Net Cash Flow to Net Debt demonstrates that the net debt position of the Group increased by £0.8m during the year being an additional finance lease.

Recognised Gains and Losses

The Statement of Consolidated Total Recognised Gains and Losses shows the reconciliation of the movement in the total of Endowment Funds and Reserve Funds between the Balance Sheet dates, by adding to the Income and Expenditure Account out-turn, after depreciation of assets at valuation, the items that are taken directly to Endowments or Reserves. Total Recognised Gains relating to the year amounted to £35.5m. The main items are as follows:

- an increase of £32.8m in the valuation of residential properties, from the original depreciated net book value of £89m. This arose from the interim valuation of residential properties carried out at 31st July 2003.
- appreciation of £1.1m in the value of endowment asset investments and £0.6m in fixed asset investments as a result of the improvement in general stock market conditions between the two balance sheet dates.

Treasury

The rating agency, Standard and Poor's, confirmed the University's long-term credit rating despite concerns

about the deficit in the University of Sheffield Pension Scheme. This outcome reflects the University's continued academic quality and reputation, underpinned by its financial resilience and management. This will send a positive message to any organisation wishing to enhance or develop their relationship with the University.

The performance of the University's General Investment and Endowment Investment Pools was below their respective benchmarks for the financial year. This was mainly due to the performance of the corporate bond element of the portfolios. The Japan Foundation and the Yorkshire Cancer Research pools performed slightly above the benchmark. The long-term performance remains broadly in line with the comparative annualised benchmarks. The level of income generated by the investments fell short of the target for the investment pools reflecting poor equity performance and lower bond yields.

In May 2003, the University invited tenders from a selection of investment managers to manage its portfolios and investments. The existing manager, Invesco Asset Management Ltd, had previously informed the University that it did not wish to retain the mandate. Consequently, Chiswell Associates Ltd were appointed with effect from 1st August 2003 as the University's investment manager.

During the year a decision was taken to appoint Royal London Cash Management Ltd to manage money market investments with effect from August 2003. This decision reflects the need to improve liquidity management through a more diversified range of instruments and reduced counter-party credit risk.

Pensions

In common with many defined benefit (final salary) pension schemes the actuarial valuation of the University of Sheffield Pension Scheme for Non-Academic Staff, carried out in April 2002, highlighted that the Scheme was under-funded on both the normal funding basis (99%) and the statutory Minimum Funding Requirement (MFR) basis (83%). This resulted in a significant increase in the employer's contribution rate to 18.2% (previously 11.95%) with effect from 1st May 2003. As these additional contributions are not sustainable in the long-term, the University has been reviewing its options to fund the future liabilities and to reduce the risk of the need for future deficit funding. In this context, the University remains committed to continuing access to final salary schemes for all staff.

Report of the Treasurer - Continued

Conclusion

I look upon this set of results as the first stage of a new approach to financial management under the leadership of our new Director of Finance, Euan McGregor. We have consolidated our financial stability, but in order to fully develop the potential of the University we must generate sufficient revenue from our operating activities to fund future development and to rebuild the University's cash balances, which have been significantly depleted as a result of funding the current capital programme. This may necessitate looking for new opportunities, out-with our more traditional income sources. Consequently, there may be a greater risk exposure and increased uncertainty. The University's policy to embed risk procedures anticipates these changes and will assist in the evaluation of these new opportunities and the related risks. These processes should ensure that risks are identified and that management controls are put in place but inevitably there will be a residual risk exposure which cannot be eliminated. The revisions to the University's financial strategy incorporate the need to develop the resilience and balance sheet capacity to absorb these residual risks without pushing the University into financial crisis.

The key features of the financial strategy are to:

- target future average surpluses of 3% of turnover
- target a minimum current ratio (current assets: current liabilities) of 1.2:1 plus a risk margin equivalent to 3% of turnover
- constrain maximum borrowings
- develop sensitivity analyses for each income stream

- increase maintenance expenditure
- review the capital programme and priorities

The change in strategy has also required some cost reduction measures. Unless actions are taken to reverse the University's declining liquidity then the University will not have the financial strength to support its continuing academic excellence.

The financial pressures on the University reflect the general under-funding of the sector. Despite the anticipation that this would be addressed by the White Paper on *The Future of Higher Education* there remains considerable uncertainty about the future funding regime twelve months after the publication of the paper. When taken in conjunction with the parallel reviews of teaching and research funding there is a high degree of uncertainty over medium-term funding. In a sector that is dependent on a medium to long-term planning horizon this uncertainty inevitably causes a major dilemma in whether to defer critical investment decisions or to take increased risks in anticipation of a positive outcome.

As the University approaches its first centenary it is eager to significantly improve its teaching facilities and study places and to invest further in the research infrastructure that will enhance its future income and academic reputation. However, the uncertainties over funding need to be resolved quickly to enable the University to move forward with confidence in its investment ambitions. In the short-term the financial focus will remain on improving liquidity and in positioning the University for the challenges ahead.

KIM STANIFORTH
Treasurer

Corporate Governance

The following statement is given to assist readers of the Financial Statements to obtain an understanding of the Governance and legal structure of the University of Sheffield.

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

The Senate

The Senate is the academic authority of the University, its 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 management and administration 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. Inter alia the Committee recommends to Council the University's

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 Strategic Planning Committee, a joint committee of the Senate and the Council, chaired by the Vice-Chancellor, is responsible for the formulation and implementation of the University's corporate strategic plans integrating academic, financial and physical planning components. The Committee also monitors the implementation of the corporate strategy, modifying the strategy as necessary in the light of feedback from operational plans.
- The Audit Committee is responsible for meeting with the External Auditors to discuss their audit findings, and reviewing the University's annual financial statements and accounting policies. It also considers detailed plans and reports from the Internal Auditor, including recommendations for the improvement of the University's systems of internal control, together with management's response and implementation plans. The Committee also receives and considers reports from the Higher Education Funding Council for England as they affect the University's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee may meet with the External Auditors on their own for independent discussions.

Corporate Governance - Continued

Interim Statement of Internal Control

1. As the governing body of the University of Sheffield we have 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 & 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 was fully implemented during the year ended 31st July 2003 and accords with HEFCE guidance. The University's policy document on risk management, and its action plans for high level corporate risks, were formally approved by Council on 16th December 2002.
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 receives periodic reports from the chairman of the Audit Committee concerning internal control and risk management.
 - c. Council has delegated to the Strategic Planning Committee the responsibility to oversee the management of strategic risks.
 - d. The Audit Committee receives regular reports from the Head of Internal Audit, which include the Head of 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.
 - e. A series of facilitated risk management workshops have been held which have encompassed Senior Management Group, central services heads of departments and heads of academic departments. Issues addressed have included the cascading of the management of risk at departmental level.
 - f. A risk prioritisation methodology based on risk ranking has been established.
 - g. An organisation-wide risk register is maintained for corporate level risks.
 - h. A reporting structure has been implemented whereby high-level strategic opportunities and risks are overseen by Strategic Planning Committee and reported to Council. Senior Management Group 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 an internal audit unit, which operates to standards defined in the HEFCE Audit Code of Practice and which is subject to review for effectiveness by the HEFCE Audit Service. 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 the internal auditors and by the executive managers within the institution who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Responsibilities of the Council of the University of Sheffield

In accordance with the University's Statutes, the Council of the University of Sheffield is responsible for the administration and management of the affairs of the University of Sheffield and is required to present audited financial statements for each financial year.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University of Sheffield and enable it 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 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 has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England and the Teacher Training Agency 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 Teacher Training Agency and any other conditions which the Funding Council or the Teacher Training Agency 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.

Report of the Auditors to the Council of the University of Sheffield

We have audited the financial statements on pages 10 to 36, which 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 on pages 10 to 11.

This report is made solely to the University Council in accordance with section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the University Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Council and Auditors

As described on page 8, the University's Council is responsible for ensuring that financial statements are prepared in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Higher Education Funding Council for England and our profession's ethical guidance.

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 on 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 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 with the Funding Agreement with the Teacher Training Agency.

We also report to you if, in our opinion, the Treasurer's Report is not consistent with the Financial Statements, if the University has not kept proper accounting records, the accounting records do not agree with the financial statements, or if we have not received all the information and explanations we require for audit.

We have also, at the request of the Council, reviewed whether the statement on page 7 reflects the University's compliance with the relevant provisions of the Combined Code specified for our review in so far as they apply to the Higher Education sector, and we report if it does not. We are not required to consider whether the statement on internal control covers all risks and controls, or form an opinion on the

effectiveness of the University's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Treasurer's Report and consider the implications for our report if we become suspicious of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. 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 judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group'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:

- (i) the financial statements give a true and fair view of the state of affairs of the University and the Group at 31st July 2003 and of the surplus of income over expenditure and cash flows for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education;
- (ii) in all material respects, income from the Higher Education Funding Council for England and the Teacher Training Agency, grants and income for specific purposes have been applied for the purposes for which they were received;
- (iii) 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 Teacher Training Agency.

KPMG LLP
Chartered Accountants and Registered Auditors

15th December 2003

Statement of Principal Accounting Policies

1. Accounting Convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of endowment asset investments, fixed asset investments and land and buildings, and in accordance with both the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education and applicable accounting standards.

2. Recognition of Income

Income from specific endowments and donations, and research grants and contracts is included to the extent of the expenditure incurred during the year, together with any related contribution towards overhead costs.

All income from general endowment asset investments and from short-term deposits (except where this is attributable to a specific endowment) is credited to the income and expenditure account in the period in which it is earned.

Recurrent grants from the Funding Councils are recognised in the period in which they are receivable.

Non-recurrent grants from Funding Councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

3. Pension Schemes

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 Earnings-related Pension Scheme. The Funds are valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the actuaries review the progress of the schemes.

Pension costs are assessed in accordance with the advice of the actuaries, based on the latest actuarial valuations of the schemes, and are accounted for on the basis of charging the costs of providing pensions over the period during which the institution benefits from the employees' services. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals.

A small number of staff remain in other pension schemes.

4. Foreign Currencies

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 into sterling at the rates of exchange ruling at the Balance Sheet date. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

5. Leases

Fixed assets held under finance leases, and the related lease obligations, are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations is treated as a finance charge and amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Rental costs under operating leases are charged to the income and expenditure account as they are incurred.

6. Land and Buildings

Land and buildings are stated at valuation. The basis of valuation is as follows:

- Specialised Properties - depreciated replacement cost
- Non-specialised Properties - open market value on existing use basis
- Residential Accommodation - student houses - open market value on a vacant possession basis
- Residential Accommodation - cluster flats and halls of residence - investment basis, capitalising the realistic net income.

Assets with personal user rights in respect of hospital premises have been included in the valuation in accordance with the SORP, although the occupation rights are not formally documented.

A valuation was carried out at 31st July 2000 by Knight Frank Plc on residential properties only.

A further valuation was carried out on 31st July 2001 of academic, office, ancillary and support buildings by Gerald Eve, Chartered Surveyors.

An interim valuation of the University's halls of residence was carried out on 31st July 2003 by Knight Frank Plc. An interim valuation of the University's other residential properties was carried out on 31st July 2003 by Eadon, Lockwood & Riddle.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over their expected useful lives of 60 years and leasehold land over the life of the lease. Refurbishments are depreciated over their expected useful lives, up to a maximum of 20 years.

Statement of Principal Accounting Policies

- Continued

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.

When 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 buildings.

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.

7. 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 five 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.

8. Investments

Endowment asset investments and fixed asset investments are included in the Balance Sheet at market value. Current asset investments are included at the lower of cost and net realisable value.

9. Stocks

The stocks represent consumable materials held by the Central Stores and Residences and Catering outlets, materials held by the Print Unit and supplies of film

held by the MRI Unit. They are valued at the lower of cost and net realisable value.

10. Cash Flows and Liquid Resources

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

11. 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.

12. Taxation Status

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 Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 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. The University receives no similar exemption in respect of Value Added Tax.

13. Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

14. Financial Instruments

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.

Consolidated Income and Expenditure Account

For the Year Ended 31st July 2003

	Note	Year Ended 31st July 2003 £000	Year Ended 31st July 2002 £000
INCOME			
Funding Council Grants	1	87,341	79,284
Tuition Fees and Education Contracts	2	66,032	54,326
Research Grants and Contracts	3	63,803	64,108
Other Income	4	42,046	38,129
Endowment and Investment Income	5	2,253	2,129
Total Income (Excluding Joint Ventures' turnover of £291K (2002: £317K))		261,475	237,976
EXPENDITURE			
Staff Costs	6	153,475	143,339
Other Operating Expenses	7	92,063	82,037
Depreciation	12	10,258	10,558
Interest Payable	8	4,546	4,769
Total Expenditure		260,342	240,703
Surplus/(Deficit) on Continuing Operations after Depreciation of Assets at Valuation and Before Tax - Group		1,133	(2,727)
- Joint ventures		18	12
- Associates		(116)	(247)
Profit on Disposal of Assets		61	600
Surplus/(Deficit) on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Before Tax		1,096	(2,362)
Taxation	10	14	(31)
Surplus/(Deficit) on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax		1,110	(2,393)
Minority Interests		88	(9)
Surplus/(Deficit) on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and After Tax and Minority Interests		1,198	(2,402)

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 2003

	Note	Year Ended 31st July 2003 £000	Year Ended 31st July 2002 £000
Surplus/(Deficit) on Continuing Operations before Tax		1,096	(2,362)
Difference Between Historical Cost Depreciation and the Actual Charge for the Year Calculated on the Revalued Amount	21	2,198	2,250
Realisation of Property Revaluation Gains of Previous Years	21	43	1,143
Historical Cost Surplus Before Tax		3,337	1,031
Historical Cost Surplus After Tax and Minority Interests		3,439	991

Statement of Consolidated Total Recognised Gains and Losses

For the Year end 31st July 2003

	Note	Year Ended 31st July 2003 £000	Year Ended 31st July 2002 £000
Surplus/(Deficit) on Continuing Operations After Depreciation of Assets at Valuation, Disposal of Assets and Tax		1,198	(2,402)
Unrealised Surplus on Revaluation of Fixed Assets		32,807	–
Appreciation/(Depreciation) of Endowment Asset Investments	20	1,097	(5,470)
Appreciation/(Depreciation) of Fixed Asset Investments	21	554	(937)
Gains on Shares Issued in Associates		359	–
Endowment Income Retained For Year	20	260	359
New Endowments less Realisations	20	(775)	417
Total Recognised Gains/(Losses) Relating to the Period		35,500	(8,033)
Reconciliation			
Opening Reserves and Endowments		194,347	202,380
Total Recognised Gains/(Losses) for the Year		35,500	(8,033)
Closing Reserves and Endowments		229,847	194,347

Balance Sheet

as at 31st July 2003

	Note	Group As At 31st July 2003 £000	University As At 31st July 2003 £000	Group As At 31st July 2002 £000	University As At 31st July 2002 £000
FIXED ASSETS					
Tangible Assets	12	339,798	339,729	274,936	274,849
Investments	13	9,938	9,803	10,992	11,176
		349,736	349,532	285,928	286,025
ENDOWMENT ASSETS	20	26,936	26,936	26,354	26,354
CURRENT ASSETS					
Stock		324	324	342	342
Debtors	14	37,639	38,213	40,103	40,189
Investments		4,634	4,634	11,400	11,400
Cash at Bank and in Hand		9,495	8,998	4,649	4,333
		52,092	52,169	56,494	56,264
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(58,850)	(59,138)	(53,701)	(53,576)
NET CURRENT (LIABILITIES)/ASSETS		(6,758)	(6,969)	2,793	2,688
TOTAL ASSETS LESS CURRENT LIABILITIES		369,914	369,499	315,075	315,067
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	(50,094)	(49,973)	(52,374)	(52,363)
PROVISIONS FOR LIABILITIES AND CHARGES	18	(12,597)	(12,292)	(12,130)	(11,781)
NET ASSETS		307,223	307,234	250,571	250,923

Balance Sheet

as at 31st July 2003

	Note	Group As At 31st July 2003 £000	University As At 31st July 2003 £000	Group As At 31st July 2002 £000	University As At 31st July 2002 £000
DEFERRED CAPITAL GRANTS	19	77,384	77,384	56,138	56,138
ENDOWMENTS					
Specific	20	21,028	21,028	20,184	20,184
General	20	5,908	5,908	6,170	6,170
		26,936	26,936	26,354	26,354
RESERVES					
Revaluation Reserve	21	169,167	168,747	138,047	137,987
General Reserve	22	33,744	34,167	29,946	30,444
		202,911	202,914	167,993	168,431
MINORITY INTERESTS		(8)	-	86	-
TOTAL FUNDS		307,223	307,234	250,571	250,923

The financial statements on pages 10 to 36 were approved by the Council on 15th December 2003 and were signed on its behalf by:

Mr A M C STANIFORTH, Treasurer

Professor R F BOUCHER, Vice-Chancellor

Mr E McGREGOR, Director of Finance

The University of Sheffield

Consolidated Cash Flow Statement

For the year ended 31st July 2003

	Note	Year Ended 31st July 2003 £000	Year Ended 31st July 2002 £000
CASH FLOW FROM OPERATING ACTIVITIES	23	15,497	9,698
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	24	(1,905)	(1,937)
TAXATION	10	14	(31)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	25	(13,970)	(9,855)
ACQUISITIONS AND DISPOSALS		(6)	86
MANAGEMENT OF LIQUID RESOURCES		6,766	8,416
FINANCING		(2,785)	(3,823)
INCREASE IN CASH IN THE PERIOD	27	3,611	2,554

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

	Movement in Year
DECREASE IN SHORT-TERM DEPOSITS	(6,766)
INCREASE IN CASH AT BANK AND CALL ACCOUNTS	3,585
DECREASE IN BANK OVERDRAFT	26
TOTAL REDUCTION IN CASH AND LIQUID RESOURCES	(3,155)

Reconciliation of Net Cash Flow to Movement in Net Debt

	Note	Year Ended 31st July 2003 £000	Year Ended 31st July 2002 £000
INCREASE IN CASH IN THE PERIOD		3,611	2,554
CASH OUTFLOW FROM LIQUID RESOURCES		(6,766)	(8,416)
ADDITIONAL DEBT (LEASE: NON-CASH FLOW)		(804)	(483)
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS		3,144	3,823
MOVEMENT IN NET DEBT IN PERIOD		(815)	(2,522)
NET DEBT AT 1st AUGUST 2002		(37,252)	(34,730)
NET DEBT AT 31st JULY 2003	27	(38,067)	(37,252)

Notes to the Financial Statements

Note 1: Funding Council Grants

1

Higher Education Funding Council for England –
Recurrent Grant

Specific Grants

Information Systems Committee

Teacher Training Agency Grant

Other

Deferred Capital Grants Released in Year

Buildings (Note 19)

Equipment (Note 19)

Year Ended 31st July 2003 £000	Year Ended 31st July 2002 £000
80,409	74,909
1	–
742	619
3,604	2,834
1,199	702
1,386	220
87,341	79,284

Note 2: Tuition Fees and Education Contracts

2

Home Full-time Undergraduate Students

Home Full-time Postgraduate Students

Home Part-time Students

Overseas Students

NHS Education Contracts

Research Training Support Grants and Other Fees

13,360	12,359
5,284	4,845
2,371	2,211
21,944	17,767
18,300	14,068
4,773	3,076
66,032	54,326

Note 3: Research Grants and Contracts

3

Research Councils

UK-Based Charities

European Commission

Other Grants and Contracts

Release from Deferred Capital Grants (Note 19)

22,335	21,758
12,654	12,329
4,352	3,896
21,673	22,776
2,789	3,349
63,803	64,108

Note 4: Other Income

4

Residences, Catering and Conferences

Other Services Rendered

Health Authorities

Releases from Deferred Capital Grants (Note 19)

Other Income

16,156	15,270
8,648	8,200
5,626	6,234
425	325
11,191	8,100
42,046	38,129

Notes to the Financial Statements – Continued

Note 5: Endowment and Investment Income

5

Transferred from Specific Endowments (Note 20)
Income from General Endowment Asset Investments (Note 20)
Profit on Disposal of Fixed Asset Investments
Other Investment Income

Year Ended 31st July 2003 £000	Year Ended 31st July 2002 £000
676	447
244	283
33	–
1,300	1,399
2,253	2,129

Note 6: Staff

6

Staff Costs:

Wages and Salaries
Social Security Costs
Other Pension Costs (Note 28)

128,382	121,270
10,155	9,362
14,938	12,707
153,475	143,339

Emoluments of the Vice-Chancellor included above:

Salary
Benefits in Kind

Pension Contributions

Total

160	149
3	2
163	151
23	21
186	172

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.

£70,000-£79,999
£80,000-£89,999
£90,000-£99,999
£100,000-£109,999
£110,000-£119,999
£120,000-£129,999
£130,000-£139,999

Number	Number
43	32
17	15
15	19
9	8
5	7
9	2
5	6

Payments totalling £123,583 were made on the retirement of a higher paid member of staff, including a payment to enhance future pension benefits.

Notes to the Financial Statements – Continued

Note 7: Other Operating Expenses

	Year Ended 31st July 2003 £000	Year Ended 31st July 2002 £000
Consumables and Laboratory Expenditure	10,100	10,412
Books and Periodicals	2,262	2,285
Printing, Stationery and Postage	3,487	3,325
Rates	1,050	1,267
Fellowships, Scholarships and Prizes	11,396	8,741
Furniture and Equipment	12,276	10,705
Heat, Light, Water and Power	4,478	3,914
Repairs and General Maintenance	9,917	6,799
Grants to University of Sheffield Students' Union	1,050	1,030
Rents	2,547	945
Auditors' Remuneration	87	39
Auditors' Remuneration in Respect of Non-Audit Services	69	85
Professional Fees	4,680	3,030
Provision for Bad & Doubtful Debts	426	92
Administrative Expenses	5,274	3,889
Travel & Subsistence Expenses	4,866	4,563
Payments to Non-Contracted Staff	11,647	9,398
Restructuring Costs	976	5,206
Other Expenses	5,475	6,312
	92,063	82,037

Note 8: Interest Payable and Similar Charges

Loans wholly repayable within five years	10	38
Loans not wholly repayable within five years	4,443	4,672
Finance Leases	93	59
	4,546	4,769

Notes to the Financial Statements – Continued

Note 9: Analysis of 2002/03 Expenditure by Activity

9

	Staff Costs £000	Dep'n £000	Operating Expenses £000	Interest Payable £000	Total £000
Academic Departments	84,316	420	17,560	39	102,335
Academic Services	8,631	366	8,180	3	17,180
Central Administration & Services	9,618	7	8,951	–	18,576
General Educational Expenditure	1,874	–	6,566	–	8,440
Staff and Student Facilities	3,086	395	1,623	24	5,128
Research Grants and Contracts	29,590	2,799	20,009	–	52,398
Residences, Catering and Conferences	5,264	1,541	7,225	2,059	16,089
Premises	6,369	4,245	14,805	2,412	27,831
Other Expenses	4,727	485	7,144	9	12,365
	153,475	10,258	92,063	4,546	260,342

The depreciation charge has been funded by:

Deferred Capital Grants Released (Note 19)	5,799
Revaluation Reserve Released (Note 21)	2,198
General Income	2,261
	10,258

Note 10: Taxation

10

United Kingdom Corporation Tax at 19% (2002: 21%)
– Group

Year Ended 31st July 2003 £000	Year Ended 31st July 2002 £000
(14)	31
(14)	31

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

11

The surplus/(deficit) on continuing operations for the period is made up as follows:

	Year Ended 31st July 2003 £000	Year Ended 31st July 2002 £000
University's Surplus/(Deficit) for the Period	1,482	(2,104)
Consolidation of Subsidiary Companies	(288)	(23)
Group Surplus/(Deficit) for the Period	1,194	(2,127)
Share of Associates' and Joint Ventures' Deficit	(98)	(235)
Surplus/(Deficit) on Continuing Operations Before Tax	1,096	(2,362)

Notes to the Financial Statements – Continued

Note 12: Tangible Assets (Consolidated)

12

	Land and Buildings		Assets in Course of Construction £000	Equipment £000	Leased Equipment £000	Total £000
	Freehold £000	Long Leasehold £000				
Valuation/Cost						
At 1st August 2002						
Valuation	200,625	13,626	–	360	–	214,611
Cost	56,586	46	11,426	32,030	5,993	106,081
Additions at Cost	14,015	–	18,825	8,716	804	42,360
Transfers at Cost	6,633	–	(6,633)	–	–	–
Surplus on Revaluation	21,481	7,995	–	–	–	29,476
Disposals						
Valuation	(45)	–	–	–	–	(45)
Cost	–	–	–	(17)	–	(17)
At 31st July 2003						
Valuation	222,061	21,621	–	360	–	244,042
Cost	77,234	46	23,618	40,729	6,797	148,424
Depreciation						
At 1st August 2002						
	14,051	380	–	25,892	5,433	45,756
Charge for Year	5,684	228	–	4,139	207	10,258
Revaluation	(3,026)	(307)	–	–	–	(3,333)
Eliminated on Disposals	(2)	–	–	(11)	–	(13)
At 31st July 2003						
	16,707	301	–	30,020	5,640	52,668
Net Book Value						
At 31st July 2003						
	282,588	21,366	23,618	11,069	1,157	339,798
At 1st August 2002						
	243,160	13,292	11,426	6,498	560	274,936

Buildings with a net book value of £98,904,500 and cost of £66,865,503 have been funded from Treasury sources: should these particular buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum of the Higher Education Funding Council for England.

Notes to the Financial Statements – Continued

Note 12: Tangible Assets (University)

12

	Land and Buildings		Assets in Course of Construction £000	Equipment £000	Leased Equipment £000	Total £000
	Freehold £000	Long Leasehold £000				
Valuation/Cost						
At 1st August 2002						
Valuation	200,625	13,626	–	360	–	214,611
Cost	56,586	46	11,426	31,894	5,993	105,945
Additions at Cost	14,015	–	18,825	8,698	804	42,342
Transfers at Cost	6,633	–	(6,633)	–	–	–
Surplus on Revaluation	21,481	7,995	–	–	–	29,476
Disposals						
Valuation	(45)	–	–	–	–	(45)
Cost	–	–	–	–	–	–
At 31st July 2003						
Valuation	222,061	21,621	–	360	–	244,042
Cost	77,234	46	23,618	40,592	6,797	148,287
Depreciation						
At 1st August 2002						
	14,051	380	–	25,843	5,433	45,707
Charge for Year	5,684	228	–	4,109	207	10,228
Revaluation	(3,026)	(307)	–	–	–	(3,333)
Eliminated on Disposals	(2)	–	–	–	–	(2)
At 31st July 2003						
	16,707	301	–	29,952	5,640	52,600
Net Book Value						
At 31st July 2003						
	282,588	21,366	23,618	11,000	1,157	339,729
At 1st August 2002						
	243,160	13,292	11,426	6,411	560	274,849

Buildings with a net book value of £98,904,500 and cost of £66,865,503 have been funded from Treasury sources: should these particular buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum of the Higher Education Funding Council for England.

Notes to the Financial Statements – Continued

Note 13: Fixed Asset Investments

13

	Group Year Ended 31st July 2003 £000	University Year Ended 31st July 2003 £000	Group Year Ended 31st July 2002 £000	University Year Ended 31st July 2002 £000
Balance at 1st August	10,992	11,176	4,793	4,765
Additions	662	–	7,517	7,422
Share of Associates Losses	(364)	–	–	–
Other Net Gains/(Losses)	278	–	(178)	–
Transferred to Short-term Deposits	(2,000)	(2,000)	–	–
Loans to Subsidiary Companies	–	348	–	–
Appreciation/(Depreciation) on Revaluation	370	279	(1,140)	(1,011)
	9,938	9,803	10,992	11,176
Fixed Interest Stocks	1,604	1,604	1,448	1,448
Fixed Term Deposits	5,647	5,647	7,531	7,531
Equities	2,686	2,203	2,012	2,196
Loans	–	348	–	–
Cash	1	1	1	1
Total Fixed Asset Investments	9,938	9,803	10,992	11,176
Fixed Interest and Equities at Cost and Bank Balances	7,054	7,966	9,054	9,966

Note 14: Debtors

14

Amounts falling due within one year:				
Debtors	25,834	26,459	27,193	27,374
Prepayments (Pensions)	7,746	7,746	7,401	7,401
Other Prepayments and Accrued Income	4,059	4,008	5,509	5,414
	37,639	38,213	40,103	40,189

Note 15: Creditors: Amounts falling due within one year

15

Bank Loans and Overdrafts	2,878	2,878	2,904	2,795
Obligations Under Finance Leases (Note 17)	259	259	198	198
Payments Received in Advance	22,002	22,002	22,927	22,927
Creditors	16,200	17,082	14,534	14,693
Social Security and Other Taxation Payable	3,800	3,749	3,241	3,210
Accruals and Deferred Income	13,605	13,063	9,773	9,658
Corporation Tax	1	–	29	–
Amounts Owed to Funding Councils	105	105	95	95
	58,850	59,138	53,701	53,576

Notes to the Financial Statements – Continued

16

Note 16: Creditors: Amounts falling due after more than one year

Mortgages, unsecured loans and finance leases repayable:

Between one and two years

Between two and five years

In five years or more

Creditors

Group Year Ended 31st July 2003 £000	University Year Ended 31st July 2003 £000	Group Year Ended 31st July 2002 £000	University Year Ended 31st July 2002 £000
3,055	3,055	2,912	2,901
8,891	8,891	8,642	8,642
38,027	38,027	40,820	40,820
121	–	–	–
50,094	49,973	52,374	52,363

The University entered into a 25 year loan agreement with National Westminster Bank on 31st May 1996 for the sum of £35.1 million. £1.417 million is repayable within one year and is included within bank loans and overdrafts in Note 15 above. The balance falling due after more than one year, included above, is £24.087 million.

The University entered into a 25 year loan agreement with Barclays Bank on 15th August 1997 for the sum of £34.4 million. £1.376 million is repayable within one year and is included within bank loans and overdrafts in Note 15 above. The balance falling due after more than one year, included above, is £25.112 million.

Cross currency interest rate swaps were undertaken with effect from 12th July 1999 in which the University exchanged two principal amounts of sterling debt of £12.797 million for Euro debt of €19.501 million for periods of five years until 24th May 2004, at a fixed rate of interest, and two years until 22nd August 2001 at a variable rate of interest. The purpose of these swaps was to utilise Euro currency revenue to service debt, and as a result, reduce the rates of interest payable.

17

Note 17: Borrowings

Bank loans and overdrafts are repayable as follows:

In one year or less

Between one and two years

Between two and five years

In five years or more

Total

Group Year Ended 31st July 2003 £000	University Year Ended 31st July 2003 £000	Group Year Ended 31st July 2002 £000	University Year Ended 31st July 2002 £000
2,878	2,878	2,904	2,795
2,793	2,793	2,804	2,793
8,379	8,379	8,379	8,379
38,027	38,027	40,820	40,820
52,077	52,077	54,907	54,787

The net finance lease obligations to which the University is committed are:

In one year or less

Between one and two years

Between two and five years

Total

259	259	198	198
262	262	108	108
512	512	263	263
1,033	1,033	569	569

Total of bank loans, overdrafts and finance leases:

In one year or less

Between one and two years

Between two and five years

In five years or more

Total

3,137	3,137	3,102	2,993
3,055	3,055	2,912	2,901
8,891	8,891	8,642	8,642
38,027	38,027	40,820	40,820
53,110	53,110	55,476	55,356

Notes to the Financial Statements – Continued

Note 18: Provisions for Liabilities and Charges

18

Consolidated

At 1st August 2002	3,047	8,611	472	12,130
Utilised in Year	(454)	(1,460)	(52)	(1,966)
Transfer from Income and Expenditure Account	719	974	740	2,433
At 31st July 2003	3,312	8,125	1,160	12,597

University

At 1st August 2002	3,047	8,611	123	11,781
Utilised in Year	(454)	(1,460)	(8)	(1,922)
Transfer from Income and Expenditure Account	719	974	740	2,433
At 31st July 2003	3,312	8,125	855	12,292

	Pensions £000	Early Retirement Costs £000	Other £000	Total £000
At 1st August 2002	3,047	8,611	472	12,130
Utilised in Year	(454)	(1,460)	(52)	(1,966)
Transfer from Income and Expenditure Account	719	974	740	2,433
At 31st July 2003	3,312	8,125	1,160	12,597
At 1st August 2002	3,047	8,611	123	11,781
Utilised in Year	(454)	(1,460)	(8)	(1,922)
Transfer from Income and Expenditure Account	719	974	740	2,433
At 31st July 2003	3,312	8,125	855	12,292

The provision for pensions relates to ex-gratia benefits. Further details are provided in Note 28 (page 30). The provision for early retirement is the estimated liability that will arise from agreed early retirements under the University's restructuring arrangements.

Note 19: Deferred Capital Grants

19

At 1st August 2002

Buildings
Equipment

Total

Cash Received

Buildings
Equipment

Total

Released to Income and Expenditure

Buildings (Notes 1, 3 and 4)
Equipment (Notes 1, 3 and 4)

Total (Note 9)

At 31st July 2003

Buildings
Equipment

Total

Consolidated and University

	Funding Council £000	Other Grants & Benefactions £000	Total £000
At 1st August 2002	33,373	17,937	51,310
Buildings	33,373	17,937	51,310
Equipment	1,563	3,265	4,828
Total	34,936	21,202	56,138
Cash Received	2,047	14,516	16,563
Buildings	2,047	14,516	16,563
Equipment	5,075	5,407	10,482
Total	7,122	19,923	27,045
Released to Income and Expenditure	1,199	445	1,644
Buildings (Notes 1, 3 and 4)	1,199	445	1,644
Equipment (Notes 1, 3 and 4)	1,386	2,769	4,155
Total (Note 9)	2,585	3,214	5,799
At 31st July 2003	34,221	32,008	66,229
Buildings	34,221	32,008	66,229
Equipment	5,252	5,903	11,155
Total	39,473	37,911	77,384

Notes to the Financial Statements – Continued

Note 20: Endowments

20

At 1st August 2002	
Additions	
Disposals	
Appreciation of Endowment Asset Investments	
Income For Year	
Transferred to Income and Expenditure Account (Note 5)	

At 31st July 2003

Fellowships and Scholarship Funds	
Prize Funds	
Chairs and Lectureship Funds	
Other Funds	

Consolidated and University		
Specific £000	General £000	Total £000
20,184	6,170	26,354
295	–	295
(433)	(637)	(1,070)
722	375	1,097
936	244	1,180
(676)	(244)	(920)
21,028	5,908	26,936
9,021	–	9,021
805	–	805
2,556	–	2,556
8,646	5,908	14,554
21,028	5,908	26,936

The value of Endowments at 31st July 2003 was represented by:

Fixed Interest Stocks	13,575
Equities	12,425
Land and Property	49
Bank Balances	887
Total Endowment Asset Investments	26,936

Note 21: Revaluation Reserve

21

Revaluations

At 1st August 2002 – Tangible Assets	145,063	145,063	146,114	146,114
– Investments	1,508	1,448	2,537	2,255
Revaluation in Year – Tangible Assets	32,807	32,807	–	–
– Investments	554	194	(937)	(807)
Released to Income & Expenditure Account	(43)	(43)	(1,143)	(1,051)

At 31st July 2003

Contributions to Depreciation

At 1st August 2002 – Tangible Assets	8,524	8,524	6,274	6,274
Released in Year (Note 9)	2,198	2,198	2,250	2,250

At 31st July 2003

Net Revaluation Amount

At 31st July 2003 – Tangible Assets	167,105	167,105	136,539	136,539
At 31st July 2003 – Investments	2,062	1,642	1,508	1,448

At 1st August 2002 – Tangible Assets	136,539	136,539	139,840	139,840
At 1st August 2002 – Investments	1,508	1,448	2,537	2,255

Consolidated Year Ended 31st July 2003 £000	University Year Ended 31st July 2003 £000	Consolidated Year Ended 31st July 2002 £000	University Year Ended 31st July 2002 £000
179,889	179,469	146,571	146,511
8,524	8,524	6,274	6,274
2,198	2,198	2,250	2,250
10,722	10,722	8,524	8,524
167,105	167,105	136,539	136,539
2,062	1,642	1,508	1,448
169,167	168,747	138,047	137,987
136,539	136,539	139,840	139,840
1,508	1,448	2,537	2,255
138,047	137,987	142,377	142,095

Notes to the Financial Statements – Continued

Note 22: General Reserve

22

	Group Year Ended 31st July 2003 £000	University Year Ended 31st July 2003 £000	Group Year Ended 31st July 2002 £000	University Year Ended 31st July 2002 £000
Balance at 1st August 2002	29,946	30,444	28,955	29,247
Surplus/(Deficit) after Depreciation of Assets and Taxation	1,198	1,482	(2,402)	(2,104)
Release from Revaluation Reserve	2,241	2,241	3,393	3,301
Historical Cost Surplus after Tax	3,439	3,723	991	1,197
Gains on shares issued in Associates	359	–	–	–
Balance at 31st July 2003	33,744	34,167	29,946	30,444

Note 23: Reconciliation of Consolidated Operating Surplus to Net Cash Inflow from Operating Activities

23

	Year Ended 31st July 2003 £000	Year Ended 31st July 2002 £000
Surplus/(Deficit) before Tax	1,096	(2,362)
Depreciation (Note 12)	10,258	10,558
Profit on Disposal of Assets	(61)	(600)
Deferred Capital Grants Released to Income (Note 19)	(5,799)	(4,596)
Investment Income	(2,504)	(2,642)
Interest Payable	4,546	4,769
Decrease/(Increase) in Stocks	18	(10)
Decrease/(Increase) in Debtors	2,464	(1,146)
Increase in Creditors	5,012	1,470
Increase in Provisions	467	4,266
Other	–	(9)
Net Cash Inflow from Operating Activities	15,497	9,698

Note 24: Returns on Investments and Servicing of Finance

24

Income from Endowments	1,129	1,071
Income from Short-Term Investments	1,512	1,761
Interest Paid	(4,453)	(4,710)
Interest Element of Finance Lease Rental Payments	(93)	(59)
Net cash outflow from returns on investments and servicing of finance	(1,905)	(1,937)

Notes to the Financial Statements – Continued

Note 25: Capital Expenditure and Financial Investment

25

	Year Ended 31st July 2003 £000	Year Ended 31st July 2002 £000
Tangible Assets Acquired (Other than Leased Equipment)	(39,858)	(32,198)
Endowment Asset Investments Acquired	(745)	(197)
Total Fixed and Endowment Asset Investments Acquired	(40,603)	(32,395)
Receipts from Sales of Fixed Assets	104	2,320
Deferred Capital Grants Received	27,045	19,444
Utilisation of Endowment Fund Balances	(1,261)	579
Endowments Received	745	197
Net Cash Outflow from Capital Expenditure and Financial Investment	(13,970)	(9,855)

Note 26: Analysis of Changes in Financing during the Year

26

	Finance Leases £000	Mortgages & Loans £000	Total £000
Balance at 1st August 2001	377	58,328	58,705
New Leases/Loans	483	11	494
Capital Repayments	(291)	(3,543)	(3,834)
Net Amount Acquired in Year	192	(3,532)	(3,340)
Balance at 31st July 2002	569	54,796	55,365
New Leases/Loans	804	–	804
Capital Repayments	(341)	(2,803)	(3,144)
Net Amount Acquired in Year	463	(2,803)	(2,340)
Balances at 31st July 2003	1,032	51,993	53,025

Note 27: Analysis of Changes in Net Debt

27

	At 1st August 2002 £000	Cash Flows £000	Other Changes £000	At 31st July 2003 £000
Cash at Bank and in Hand:				
Endowment Assets	2,144	(1,261)	–	883
Other	3,288	(2,619)	–	669
Deposits Repayable on Demand	1,392	7,465	–	8,857
Overdrafts	(111)	26	–	(85)
Total Cash at Bank and in Hand	6,713	3,611	–	10,324
Short-Term Deposits	11,400	(6,766)	–	4,634
Debt Due Within One Year	(2,991)	3,144	(3,205)	(3,052)
Debt Due After One Year	(52,374)	–	2,401	(49,973)
Total	(37,252)	(11)	(804)	(38,067)

Notes to the Financial Statements – Continued

Note 28: Pension Schemes

28

Different categories of staff are eligible to join one of four different schemes.

The two main schemes are both defined-benefit schemes contracted out of the State Earnings-Related Pension Scheme (SERPS), the assets of which are held in separate trustee-administered funds. Details of these schemes are as follows:

(i) The Universities Superannuation Scheme (USS) is the nationally administered 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 trustee-administered fund. 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.

The fund is valued every three years, using the projected unit method, by a professionally qualified independent actuary who reviews and reports annually. The rates of contribution payable are determined by the trustees on the advice of the actuary. The contribution rate payable by the Institution in the year was 14% of pensionable salaries. The contribution rate required for future benefits alone at the date of the latest actuarial valuation on 31st March 2002 was 14.25% of salaries but it was agreed that the contribution rate will be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years, which represents the average working lifetime of the current scheme members, required the use of £82.5m of the scheme surplus, leaving £79.5m surplus to be carried forward. The auditors and actuary to the Universities Superannuation Scheme have confirmed that it is appropriate to take the pensions costs in the Institution's accounts to be equal to the actual contributions paid during the year.

(ii) The University of Sheffield Pension Scheme (1975) (USPS) provides for all non-academic staff. The fund is also subject to a triennial valuation by a professionally qualified independent actuary and the rates of contribution payable are determined by the trustees on the advice of the actuary, using the projected unit method.

The latest actuarial valuation was carried out as at 1st April 2002. The assumptions used for that valuation, and the main results, are shown in the table below. Contributions were made during the year at the rate of 11.95% of pensionable salaries up to 30th April 2003 and 18.2% thereafter. The pension cost charge for the year for accounting purposes assessed by the actuary was £3.046 million (2002: £1.769 million). At 31st July 2003 there was a pension prepayment of £7.746 million (2002: £7.401 million).

The other two schemes are firstly the Federated Superannuation System for Universities (FSSU), a money purchase scheme contracted into the State Earnings-Related Pension Scheme (SERPS), 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 Earnings-Related Pension Scheme (SERPS), 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.

Latest actuarial valuations	USS		USPS
	31st March 2002	Past Service	1st April 2002
Actuarial Assumptions:	Future Service	Liabilities	
Investment return per annum	6.00%	5.00%	6.75%
Salary increases per annum	3.70%	3.70%	3.25%
Pension increases per annum	2.70%	2.70%	2.50%
Market value of assets at date of last valuation	£19,938 million		£47 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	101%		99%
The total pension cost for the University was:	Year Ended		Year Ended
	31st July 2003		31st July 2002
	£000		£000
USS	11,280		10,358
USPS	3,046		1,769
Other Pension Schemes	612		580
	14,938		12,707

Notes to the Financial Statements – Continued

Note 28: Pension Schemes (continued)

28

FRS 17 Disclosure for the Accounting Period Ending 31st July 2003

1 General

a. The University operates a defined benefit pension scheme that non-academic employees of the University can participate in, called the University of Sheffield Pension Scheme (1975) for Non-Academic Staff (USPS). The scheme is externally funded and is contracted out of the state scheme.

b. The last formal actuarial valuation of the scheme was performed as at 1st April 2002 by a professionally qualified actuary, with the next valuation being due to be made as at 1 April 2005.

c. During the accounting period, the University paid contributions to the pension scheme at the rate of 11.95% of pensionable salaries up until 1st May 2003, increasing to 18.2% from this date. Members have contributed at the rate of 4.25% throughout the accounting period.

d. The University also provides ex-gratia benefits to certain employees and former employees who were previously not eligible to join other pension arrangements. Ex-gratia benefits have ceased accruing for all such employees except in respect of four members aged over 60 at 1st August 2001. The University currently pays ex-gratia pensions of £360,000 pa and accrues future liabilities at £5,000 pa. These liabilities are not separately funded.

e. This information is provided for disclosure purposes only. Pension costs have been recognised in these accounts in line with SSAP24 as described above.

2 Financial assumptions

	At 31st July 2003 %pa	At 31st July 2002 %pa
Inflation	2.5	2.4
Rate of increase in salaries	3.25	3.15
Rate of increase of pensions in payment *	2.5	2.4
Rate of increase for deferred pensioners	2.5	2.4
Discount rate	5.5	5.85

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

3 Scheme Assets and Expected Rate of Return for USPS

	Fair value as at 31st July 2003 £000	Expected rate of return %pa	Fair value as at 31st July 2002 £000	Expected rate of return %pa
Equities	37,703	8.50	32,833	8.40
Bonds	6,100	5.00	5,573	5.25
Cash	674	3.50	1,245	4.00
Total	44,477	7.94	39,651	7.82

Notes to the Financial Statements – Continued

Note 28: Pension Schemes (continued)

FRS 17 Disclosure for the Accounting Period Ending 31st July 2003 (Continued)

4 Components of Defined Benefit Cost for the Year to 31st July 2003

	USPS £000	Ex-gratia pensions £000	Total £000
Amounts charged to operating profit:			
Current service cost	3,326	5	3,331
Past service costs	-	-	-
Total charge to operating profit	3,326	5	3,331
Other amounts charged to income & expenditure account:			
(Gain)/Loss on settlements	-	-	-
(Gain)/Loss on curtailments	-	-	-
Net (gain)/loss charged to income & expenditure account	-	-	-
Amounts charged to other finance income:			
Interest cost	3,269	294	3,563
Expected return on assets	(3,217)	-	(3,217)
Net charge/(credit) to other finance income:	52	294	346
Total income & expenditure charge before deduction of tax	3,378	299	3,677
Analysis of amounts recognised in STRGL:			
Loss/(Gain) on assets	1,527	-	1,527
Experience loss/(gain) on liabilities	1,139	(55)	1,084
Loss/(Gain) on change of assumptions	3,730	330	4,060
Total loss/(gain) recognised in STRGL before adjustment for tax	6,396	275	6,671

5 History of Experience Gains and Losses

	Year ended 31st July 2003		
	USPS	Ex-gratia pensions	Total
Loss/(Gain) on scheme assets:			
Amount (£000)	1,527	-	1,527
% of scheme assets at end of year	3%	-	
Experience loss/(gain) on scheme liabilities:			
Amount (£000)	1,139	(55)	1,084
% of scheme liabilities at end of year	2%	(1%)	
Total actuarial loss/(gain) recognised in STRGL:			
Amount (£000)	6,396	275	6,671
% of scheme liabilities at end of year	10%	5%	

6 Reconciliation to the Balance Sheet

	At 31st July 2003			At 31st July 2002		
	USPS £000	Ex-gratia pensions £000	Total £000	USPS £000	Ex-gratia pensions £000	Total £000
Scheme assets	44,477	-	44,477	39,651	-	39,651
Scheme liabilities	65,554	5,424	70,978	54,345	5,209	59,554
(Deficit)/Surplus	(21,077)	(5,424)	(26,501)	(14,694)	(5,209)	(19,903)

Notes to the Financial Statements – Continued

Note 28: Pension Schemes (continued)

Analysis of movement in deficit:

Deficit at beginning of year
Pensions or contributions paid by the University
Current service cost
Past service cost
Settlement cost
Curtailement cost
Other finance (charge)/income
(Loss)/Gain recognised in STRGL
Deficit at end of year

Year ended 31st July 2003		
USPS £000	Ex-gratia pensions £000	Total £000
(14,694)	(5,209)	(19,903)
3,391	359	3,750
(3,326)	(5)	(3,331)
-	-	-
-	-	-
-	-	-
(52)	(294)	(346)
(6,396)	(275)	(6,671)
(21,077)	(5,424)	(26,501)

Note 29: Capital Commitments

Commitments contracted at 31st July 2003

Consolidated and University	
Year Ended 31st July 2003	Year Ended 31st July 2002
£000	£000
20,286	30,090

Note 30: Financial Commitments

Operating lease commitments in respect of buildings and equipment for the 2002/2003 financial year, on leases expiring:

Within one year
Between two and five years
Over five years

62	103
244	288
361	361
667	752

Foreign currency cylinder options to cover future currency revenue were in place at 31st July 2003 as follows:

- Option to sell Euro 850,000 (£527,950) on 6th October 2003.
- Option to sell Euro 850,000 (£527,950) on 6th April 2004.

Foreign currency forward plus contracts to cover future currency revenue were in place at 31st July 2003 as follows:

- Option to sell Euro 850,000 (£527,950) on 6th January 2004.
- Option to sell Euro 850,000 (£527,950) on 6th July 2004.

Notes to the Financial Statements – Continued

Note 31: University Companies

31

The University has set up a number of companies to exploit the commercial applications of research undertaken at the University under Sheffield University Enterprises Ltd (SUEL) as a holding company. The subsidiary and associate companies of SUEL as at 31st July 2003, together with the proportion of ordinary share capital held and their principal activities were as follows:

Subsidiary Companies

AIVRU Systems Ltd	100.0%	Dormant
Aphora Ltd	100.0%	Structural Monitoring
Auxetics Ltd	100.0%	Dormant
BioActa Ltd	52.4%	Medical Research
Biofusion Ltd	70.0%	Lifesciences
Blastech Ltd	60.0%	Shock and Impact Testing Services
Ceregen Ltd	100.0%	Dormant
Conteque Ltd	60.0%	Concrete Reinforcement Systems
Dental Teamwork Training Ltd	100.0%	Dormant
ECUS Ltd	100.0%	Environmental Consultancy Services
First World Manufacturing Ltd	100.0%	Dormant
Invector Ltd	100.0%	Dormant
Lifestyle Choices Ltd	100.0%	Dormant
Luminaries Ltd	100.0%	Ecologically Efficient Lighting
Material State Ltd	60.0%	Advanced Materials Testing Analysis
Molecular Healthworks Ltd	100.0%	Dormant
Proactus Ltd	60.0%	Consultancy Services
Shefcote Ltd	100.0%	Dormant
Thixoforge Ltd	100.0%	Thixoforging Consultancy
Vforge Ltd	100.0%	Thixoforging Manufacturing
Viewcheck Ltd	100.0%	Dormant
Xsuppress Ltd (formerly Nesidion Ltd)	100.0%	Dormant

Associate Companies

Adjuvantix Ltd	33.8%	Medical Research
Asterion Ltd	39.0%	Medical Research
Axordia Ltd	34.9%	Medical Research
Bethan Technology Ltd	25.0%	Chemical Engineering
Celltran Ltd	27.9%	Medical Research
Dictionary of Classical Hebrew Ltd	42.0%	Dictionary Development
Pictorial Meadows Ltd	40.0%	Seed Mix Development
Skipworth Englehardt Asset Management Strategists Ltd	30.0%	Computer Software Consultancy
Supaplants Ltd	30.7%	Plant Propagation
Wohanka & Associates Ltd	30.0%	Translation Services

Notes to the Financial Statements – Continued

Note 31: University Companies (continued)

31

The University has set up the following companies which are outside the SUEL Group:

South Yorkshire Education Services Ltd	100.0%	Training Services
University Knowledge Ltd	100.0%	Exploitation of Intellectual Property Rights
Unisheff Properties Ltd	100.0%	Dormant
Sheffield Centre for Sports Medicine	100.0%	Sports Medicine
Sheffield Advisory Services Ltd	100.0%	University Malaysian Office
Escafeld Estates Ltd	100.0%	Dormant
USport Ltd	100.0%	Dormant
White Rose Technology Ltd	40.0%	Investment in New Technology Companies

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

YHMAN Ltd	11.1%	Procurement, Operation and Management of a Metropolitan Area Network
Yorkshire Universities Ltd (formerly YHUA Ltd)	8.3%	Promotes, Markets and Secures Further Recognition of Universities in Yorkshire
White Rose Research Ltd	33.3%	Promotes Research and Collaborative Research Between Member Universities
Worldwide Universities Network (WUN) Ltd	16.7%	Promotes Research and Distributes e-learning
WUN Trading Ltd	16.7%	Promotes Research and Distributes e-learning
WUN Foundation Ltd	16.7%	Promotes Research and Distributes e-learning

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

Notes to the Financial Statements – Continued

Note 32: Hardship Funds

32

Balance Unspent at 31st July 2002
 Funding Council Grants
 Interest Earned
 Less Returned to Funding Council

Disbursed to Students
 Audit Fees
 Balance Unspent at 31st July 2003

Consolidated and University	
Year Ended	Year Ended
31st July 2003	31st July 2002
£000	£000
119	81
971	971
11	21
(19)	–
1,082	1,073
(1,072)	(953)
(1)	(1)
9	119

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 33: ITT Training Bursaries

33

Balance Unspent at 31st July 2002
 TTA Grant Paid

Disbursed to Students
 Balance Unspent at 31st July 2003

Consolidated and University	
Year Ended	Year Ended
31st July 2003	31st July 2002
£000	£000
49	11
905	925
954	936
(929)	(887)
25	49

TTA grants for ITT Bursaries are available solely for students: the University acts only as paying agent.

The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

Notes to the Financial Statements – Continued

Note 34: Related Party Disclosure

34

During the year ended 31st July 2003 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.

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

Related Party	Name	Cross Membership
Barclays Bank Plc	Sir P Middleton	Chancellor of the University, Member of University Council and Chairman of Barclays Bank Plc
Barclays Mercantile Business Finance Ltd		
Hotcourses	Prof R F Boucher	Vice-Chancellor of the University of Sheffield Member of Hotcourses Advisory Council
Magstim Ltd	Emer Prof I L Freeston	Member of Audit Committee and Director, Magstim

Related Party	(Income)/Expenditure		(Debtors)/Creditors		Details
	2002/03	2001/02	Balance at 31st July		
	£000	£000	2003	2002	
	£000	£000	£000	£000	
University Companies					
Adjuvantix Ltd	(57)	(78)	-	(24)	Grant income and salary recharge
Asterion Ltd	(205)	(144)	(4)	(13)	Overhead and secondment fees
Axordia Ltd	(170)	-	19	-	Overheads
Celltran Ltd	(318)	(92)	(57)	(28)	Grant income and overheads
Sheffield Advisory Services	94	93	-	-	Salaries and expenses of Malaysian office
Skipworth Engelhardt Asset Management Strategists Ltd	(754)	(23)	(41)	(11)	Salary recharge
Supaplants Ltd	(487)	(153)	(3)	(93)	Salary recharge
Wohanka & Associates Ltd	(1)	(17)	-	(1)	Salary recharge and office expenses
WUN Ltd	(30)	-	(2)	-	Contribution to expenses
	35	35	-	-	Membership fee
YHUA Ltd	-	(76)	(22)	(25)	Grant and research income
	-	23	-	6	Membership fee and levy
Other Organisations and Companies					
Barclays Bank Plc	3,395	3,452	379	384	Loan interest and repayments
	22	17	4	4	Bank charges
	(360)	(136)	(264)	(2)	Investment and research income
Barclays Mercantile Business Finance Ltd	26	147	-	-	Equipment lease payments
Hotcourses	34	-	-	-	Equipment purchases
Magstim Ltd	(53)	-	-	-	Royalties
Molecular Skincare Ltd	(881)	(331)	(387)	-	Research facilities agreement
Sheffield Church Burgesses Trust	123	88	-	5	Lease payments
South Yorks Higher Education Development Trust	(206)	(206)	-	-	Rental of Biology building
University of Sheffield Union of Students	(2,949)	(3,049)	(123)	(231)	Payroll payment, other services provided and sundry purchases
	445	2,881	3	51	Annual subvention grant
	1,050	1,052	-	-	



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