



The  
University  
Of  
Sheffield.



# Annual Report & Financial Statements 2018–19.



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# President and vice-chancellor's introduction



**Professor Koen Lamberts,  
President and Vice-Chancellor of The University of Sheffield**

**This is my first year as President and Vice-Chancellor of the University of Sheffield. Before I joined Sheffield, I knew that the University had an outstanding reputation but I have been truly impressed by the breadth of what our University has to offer.**

We continue to be recognised for our world-class research, innovation and education. This past year, we were ranked 14th in the UK by the Times Higher Education World University Rankings and 78th in the world in the QS World University Rankings.

We have bold and ambitious plans to enhance our position within the global higher education sector and I am pleased to report on some of the key highlights and achievements from the past 12 months.

Earlier this year, we launched our four new flagship research institutes – the Neuroscience Institute, Energy Institute, Healthy Lifespan Institute, and the Institute for Sustainable Food. The institutes build on the pioneering work already taking place at the University, creating a bold focal point for some of our key research strengths. They are an exemplar of collaborative working. By bringing together multidisciplinary teams, we will be able to cross the traditional boundaries of our research fields and deliver real-world solutions to the world's most pressing global, social, economic and health challenges. I am excited to see what emerges from the flagship institutes over the coming months and years.

Our position as a global leader for engineering research and teaching was further cemented this year when we became the top university in the UK for income and investment in engineering research. This is a monumental achievement, both for our University and the region. There was also cause for celebration for our region with the opening of the McLaren Composites Technology Centre next to our Advanced Manufacturing Centre (AMRC) in November 2018. McLaren was attracted by our world-leading research, our outstanding facilities and our established partnerships with industry and I am confident that this will act as a catalyst for further investment in our region over the coming years.

We continue to deliver excellent teaching and an outstanding student experience. We were awarded Silver in the Teaching Excellence Framework, ranked second in the Russell Group for student satisfaction in the National Student Survey (NSS), and our Students' Union was voted best in the UK for the tenth consecutive year by the Times Higher Education Student Experience Survey.

We know that our students and staff care deeply about the future of our planet and that as a university we are uniquely placed to respond to the challenge of climate change. We have ambitious plans to become one of the most sustainable universities in the country. In October 2018, we published our approach to sustainability at Sheffield and we will shortly launch our five-year strategy and action plan. Structured around five of the United Nations Sustainable Development Goals and the Paris agreement, our wide-reaching strategy will set out how we can respond to global challenges. We have already begun to take a number of positive steps. Earlier this year we completed our divestment from fossil fuel companies and announced our plans to embed Education for Sustainable Development (ESD) across all of the courses we teach. ESD will help equip our students with the knowledge, skills, values and attributes they need to work and live in a sustainable way.

We remain committed to creating a diverse and inclusive environment. I am pleased to report that we have successfully taken action to reduce our gender pay gap and that our commitment to gender equality has been recognised with the renewal of our silver Athena Swan charter institutional award. We published our new Race Equality Strategy and Action Plan this year, which sets out our plans to tackle issues of underrepresentation, progression and attainment of Black, Asian and Minority Ethnic (BAME) staff and students. We also received our highest ranking to date in the Stonewall Workplace Equality Index for our work to create an inclusive workplace for lesbian, gay, bi and trans colleagues.

I am passionate about fostering a culture in which the University community is united around a shared vision, values and common purpose, and in which individuals are active participants in the success of the University. Over the coming months we will hold a university-wide conversation to collectively agree the direction we want to take. The feedback and ideas we get from our staff and students will lead to the creation of a new vision and strategy for our University. I look forward to sharing our plans and the work we are doing to make them a reality in the next annual report.

We owe our success to the energy, passion and enthusiasm of our staff and students, and I would like to thank them for making Sheffield a great place to study and work.

**Professor Koen Lamberts**

**We know that our students and staff care deeply about the future of our planet and that as a university we are uniquely placed to respond to the challenge of climate change.**

# Foreword by the chair of council

**As I set out in my foreword last year, higher education generally and this University, as a leading player in the sector, continue to face sector-wide challenges in an increasingly complex and competitive environment. I remain confident that we can meet these challenges and this year's Annual Report demonstrates how we have sought to respond positively by focusing on our core purpose of advancing education through teaching and research.**

Underpinning our core purpose is the University's continuing commitment to delivering the highest quality academic standards and student experience. Our students are represented on the University Council and throughout our governance structures to ensure they have a strong voice in everything we do as a university. The University of Sheffield's Students' Union was voted best in the UK ten years in a row by the Times Higher Education Student Experience Survey 2018 and they also won the Whatuni Student Choice Award for Best Students' Union in April 2019, ranking top in that for the third year running. The University's overall student satisfaction rate in the National Student Survey has also increased to 88%, which is above the sector average, reflecting our strong commitment to offering one of the best student experiences in the country.

This year, we were awarded Silver as part of the Teaching Excellence and Student Outcomes Framework (TEF) and this is valid for up to two years. This award demonstrates that the University continues to deliver high quality teaching, learning and outcomes and that we consistently exceed rigorous national quality requirements. At the time of writing, we are ready to respond to the outcome of the independent review of the TEF and individual departments are preparing action plans for a subject level TEF in 2021.

Last year, the University met its targets for recruiting new students while at the same time increasing the A Level entry tariff of successful applicants and we continue to prioritise recruiting the highest quality students. As a highly selective institution, we remain determined to pay close attention to widening access to higher education and we will continue to perform well in recruiting students from neighbourhoods where participation in higher education is lower than the national average. There is still more to do on this and we will continue to champion initiatives to increase widening participation. It is a source of pride that our Department of Lifelong Learning, which acts as a gateway for mature students who do not have the standard entry qualifications needed to apply for most degree courses, had their first substantial cohort of full-time undergraduate students graduate in July 2019 across a range of different degree tracks.



**Tony Pedder OBE**  
Chair of the University of Sheffield Council

The University of Sheffield has roots going back to 1828 and it was founded formally in 1905 through the penny donations from local citizens. The aim of its founders was to bring higher education within reach of the children of the people working in the great industries of Sheffield, to give support to those industries and to serve as a centre for the study of diseases. We are proud of our origins and the values this has embedded. Our historic civic commitment to the city of Sheffield and the region remains strong and we continue to embrace that role. In February 2019, we further reaffirmed this commitment through signing the Civic University Agreement. As an anchor institution, we encourage and form partnerships to drive innovation, growth and productivity across the city and the region. In June 2019, the University of Sheffield, together with Sheffield Hallam University and Sheffield City Council, secured funding for a new RISE Enhancement Project to expand the work of the RISE scheme, which connects growing small and medium sized businesses (SMEs) with graduate talent. We also supported the Sheffield City Council's bid for future high street funding in July 2019.

Excellent research is a vital part of what we do. The research intensity of the University informs our culture, teaching, curriculum and our relationship to the city region and the world. The Research Excellence Framework (REF), which is a peer assessment of the quality of UK higher education research in all disciplines, demonstrates our strength in this area and plans are well advanced in preparation for the next assessment round in 2021.

Last year, the Senate, our senior academic body, designated four flagship research institutes and this year they were officially launched in May 2019. Our ambition is for these flagships to be an exemplar of how research and development can be used to tackle complex global challenges by using an interdisciplinary research approach to provide real-world solutions.

Earlier this year, we were awarded funding for a new £21 million Translational Energy Research Centre to support next generation carbon capture technologies which will form part of the University's flagship Energy Institute. The new centre will be located with the University of Sheffield Advanced Manufacturing Research Centre (AMRC), Factory 2050 and the Faculty of Engineering's research centres further boosting productivity, jobs and partnerships in the region. In August 2019 we were pleased to welcome a group of research fellows funded by the £1.5 billion Global Challenge Research Fund who will work with partners around the world to address challenges faced by developing countries. In May 2019, data published by the Higher Education Statistics Agency (HESA) showed we were the top university in the UK for income and investment in engineering research, reinforcing our position as a global leader in research and teaching.

The partnerships we make at a regional, national and international level are mutually beneficial. The insights the University gains from its partners stimulates and enriches our research as well as providing routes to ensure discoveries have an impact. In view of the importance of this exchange, we have been closely involved in the development of the Knowledge Exchange Framework (KEF). The KEF aims to provide comparable performance information about universities' knowledge exchange activities and we were one of 21 higher education institutions to participate in the recent pilot. Our engagement with this initiative means that we are well-positioned for the KEF's rollout in 2020.

We maintain a strong global outlook. The Times Higher Education has judged the University as one of the most international universities and for the second year ranked us 42nd out of 800 leading institutions in the world. We welcomed the launch of the International Education Strategy by the Department for Education and Department for International Trade earlier this year. We have been, and continue to be, a strong advocate for the value of international students and staff, recognising the economic, cultural and social benefits they bring to the University, the region and to the UK. Our ability to attract global talent and skills will be a crucial part of supporting developments in teaching and research practices. That is why we responded positively to the introduction of the new graduate route which will allow international students to work for two years immediately after study. The University will continue to work with our partners and representative groups to influence the shape of the future Immigration Bill.

At the time of writing, Brexit uncertainties remain, with potentially significant implications for the sector. At an institutional level there are particular concerns around the freedom of movement for staff and students and participation in EU funded schemes such as Horizon 2020 and Erasmus+. We have procedures and structures in place to ensure we continue to closely monitor potential impacts and put actions in place to mitigate risks as far as possible so we are able to respond quickly in the face of this uncertainty.

As set out in the Treasurer's report, we have had a strong year in delivering a sound underlying financial performance. We have continued to grow student fee income, while controlling cost growth, and this has resulted in an underlying operating surplus for the year. In view of the uncertainties I referred to at the start of this report, we continue to adopt a robust approach to our forward planning, undertaking sensitivity testing to ensure we manage and mitigate potential risk while achieving our ambitions.

We need to continue to generate cash surpluses to enable us to continue to invest in improving our estate and providing the modern facilities future generations of staff and students will need to advance discovery and understanding. As well as the new Translational Energy Research Centre mentioned earlier, work has started on a new Social Sciences Building that will help transform the way these disciplines are taught.

Our alumni across the world continue to be a vital part of the University. They are a dynamic network which offers huge levels of support to our students and graduates. This year was no exception with just short of 1,000 alumni giving 11,000 hours of their time to support 5,000 graduates in academic year 2018/19. Mentoring is an important part of what our alumni can do to support our students to help them to explore career options and develop their networks.

As always, I am grateful for the great support of the members of the University Council who serve the University with such dedication. I would like to thank particularly those members of Council whose terms ended in 2019, Kathryn Whitton, Rob Sykes and Mike Siva-Jothy for their service on Council alongside Lilian Jones, the previous Students' Union President.

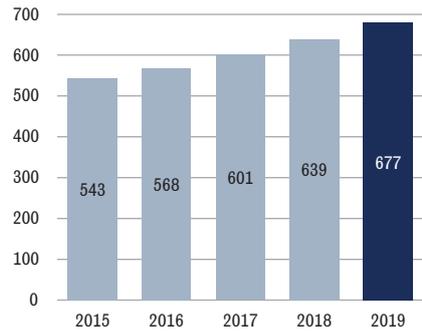
The University has been under new leadership this year. At the beginning of the academic year it was a great pleasure for me to welcome to the University our new President and Vice-Chancellor, Professor Koen Lamberts. Under his leadership and with our outstanding executive team I am confident we will continue to make great strides with our commitment to exceptional teaching and research and local and global collaboration.

Finally, we could not make the progress we have made this year without our key asset: all the staff who work at the University. They give us the values that underpin everything we do, an example of which is that we were recognised this year, for the sixth year running, as a top 100 employer for workplace equality in the UK by the leading LGBT+ charity Stonewall. On behalf of the Council, my thanks to all our staff. They continue to perform at the highest level and their dedication and commitment to learning and research makes the University such a great partner for all our stakeholders and such a great place particularly for our students.

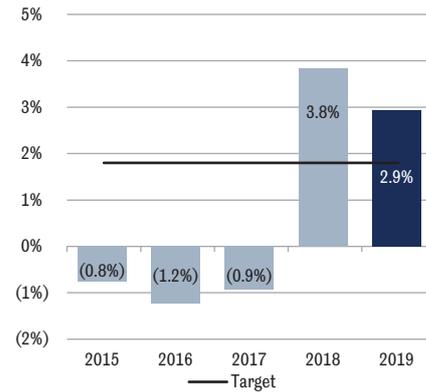
# Report of the treasurer

## Financial highlights Positive underlying performance

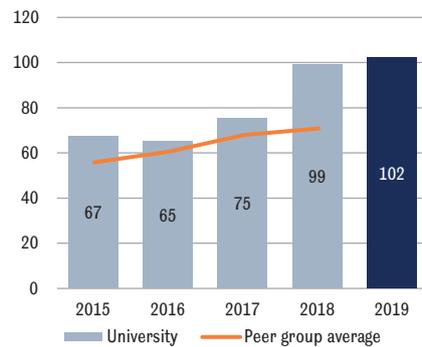
### Underlying Income - £677m



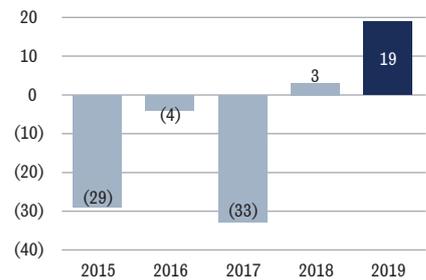
### Underlying Surplus as % Income - 2.9%



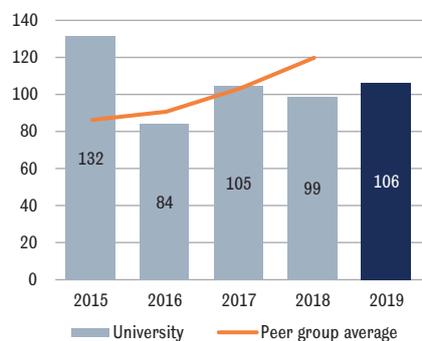
### Cash from Operations - £102m



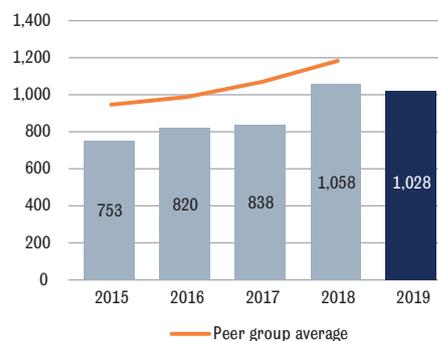
### Net Cash / (Debt) - £19m



### Capital Investment - £106m



### Net Assets - £1,028m



To provide a better understanding of trends, we distinguish in our internal accounts between two categories; underlying (operational) and other activities (unusual or infrequent events as required by financial reporting standards). The table on page 10 shows our results in this manner.

## Underlying performance

<b>Cash from operations</b> <b>£102.0m</b> 2017/18: £99.0m	
<b>Underlying Income</b> <b>£677.2m</b> +6.0%	<b>Underlying Expenditure</b> <b>£657.9m</b> +7.0%
<b>Underlying Performance Surplus</b> <b>£19.3m</b> 2017/18: £24.5m	

## Other activities

<b>Capital Grant Income</b> <b>£37.6m</b>	<b>Capital Grant Funded Asset Costs</b> <b>£22.5m</b> Depreciation for Capital Grant Funded Research Assets	<b>Other Income and Costs</b> <b>£6.1m</b> Service concession costs, USPS pension cost, employee leave accrual less endowment income
<b>USS Pension Cost</b> <b>£131.2m</b> £129.9m in staff costs, £1.3m in Interest Payable		

## Total

<b>Operating Deficit</b> <b>£102.9m</b> 2017/18: £55.0m surplus
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## Total performance

<b>USPS Obligation Cost</b> <b>£43.0m</b>	<b>Revaluation Gains</b> <b>£116.7m</b>	<b>Other Losses</b> <b>£1.1m</b>
<b>Total Comprehensive Expenditure</b> <b>£30.3m</b> 2017/18: Total Comprehensive Income £220.9m		

## Statement of income and expenditure

	Year ended 31 July 2019			Year ended 31 July 2018		
	Underlying	Other activities	Total	Underlying	Other activities	Total
	£m	£m	£m	£m	£m	£m
<b>Income</b>						
Tuition fees and education contracts	331.4	–	331.4	303.2		303.2
Funding body grants	77.4	8.7 <sup>1</sup>	86.1	75.3	8.1 <sup>1</sup>	83.4
Research grants and contracts	154.8	28.5 <sup>2</sup>	183.2	154.0	43.5 <sup>1</sup>	197.5
Other income	113.6	1.4 <sup>2,3</sup>	115.0	106.6	1.1 <sup>2,3</sup>	107.7
<b>Total income</b>	<b>677.2</b>	<b>38.5</b>	<b>715.7</b>	<b>639.1</b>	<b>52.7</b>	<b>691.8</b>
<b>Expenditure</b>						
Staff costs - excluding USS	355.3	0.7 <sup>4</sup>	356.0	331.1	1.9 <sup>4</sup>	333.0
Staff costs - USS provision	–	129.9 <sup>5</sup>	129.9		(7.9) <sup>5</sup>	(7.9)
Other operating expenses	234.4	(11.5) <sup>6</sup>	222.9	223.9	(11.5) <sup>6</sup>	212.4
Depreciation	64.0	29.4 <sup>7</sup>	93.4	55.2	25.5 <sup>7</sup>	80.7
Interest and other finance costs	4.2	12.2 <sup>8</sup>	16.4	4.4	14.2 <sup>8</sup>	18.6
<b>Total expenditure</b>	<b>657.9</b>	<b>160.7</b>	<b>818.6</b>	<b>614.6</b>	<b>22.2</b>	<b>636.8</b>
<b>Operating (deficit)/surplus</b>	<b>19.3</b>	<b>(122.2)</b>	<b>(102.9)</b>	<b>24.5</b>	<b>30.5</b>	<b>55.0</b>
(Loss)/gain on fixed assets and investments	–	(1.1) <sup>9</sup>	(1.1)	–	0.4 <sup>9</sup>	0.4
Other gains and losses (Gift Aid)	–	–	–	–	(0.4)	(0.4)
Taxation	–	–	–	–	0.1	0.1
<b>Surplus/(deficit) for the year after tax</b>	<b>19.3</b>	<b>(123.3)</b>	<b>(104.0)</b>	<b>24.5</b>	<b>30.6</b>	<b>55.1</b>
Gain on revaluation of land and buildings	–	116.7 <sup>10</sup>	116.7	–	76.9 <sup>10</sup>	76.9
(Loss)/gain in respect of pension schemes	–	(43.0) <sup>11</sup>	(43.0)	–	88.9 <sup>11</sup>	88.9
<b>Total comprehensive (expenditure)/income for the year</b>	<b>19.3</b>	<b>(49.6)</b>	<b>(30.3)</b>	<b>24.5</b>	<b>196.4</b>	<b>220.9</b>

1 Capital grant income recognised upon receipt

2 Capital grant income recognised on asset completion

3 New endowments and other capital funding

4 Staff costs associated with the USPS pension scheme and employee leave accrual

5 Staff costs associated with USS pension scheme

6 Service concession relating to the Student Village and pension administrative costs

7 Depreciation on research equipment and the service concession relating to the Student Village

8 Additional interest costs associated with the pension schemes and Student Village

9 Movement in year-end market value of investments

10 Increase in valuation of properties

11 (Increase) / Decrease in accounting estimate of USPS liability (not a change in actuarial valuation) at 31 July

## Our performance

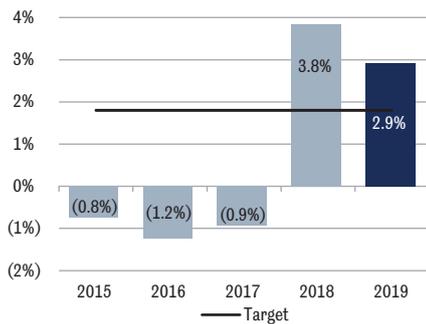
**Our financial strategy is designed to provide a robust, solvent and sustainable financial position that supports the University's core activities and enables the achievement of the University's vision.**

2019 has been a year of strong underlying financial performance.

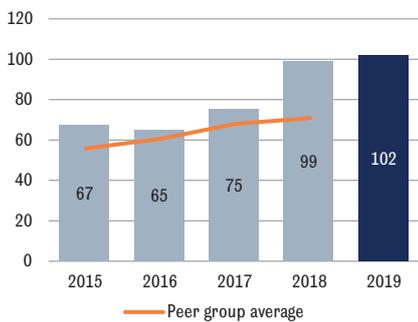
We have grown our income, achieved an underlying surplus in excess of our target, achieved healthy cash generation, and have strong reserves although pensions have had an impact.

We have a strong Balance Sheet with net assets in excess of £1bn.

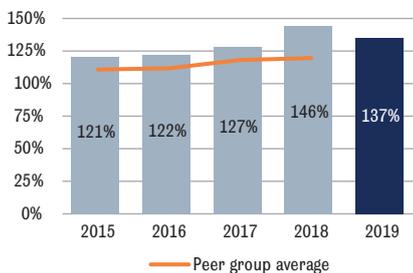
### Underlying Surplus as % Underlying Income



### Operating Cash Flow (£m)



### Reserves as % Income



## Underlying performance

**I am pleased to report another year of a strong underlying performance, particularly given the uncertain economic and political environment in which we operate.**

We have achieved income growth, and a healthy underlying operating surplus. Our cash generation is strong, enabling us to continue realising our ambition of being a world-leading university. These results ensure our University is financially robust and able to respond to the challenges ahead.

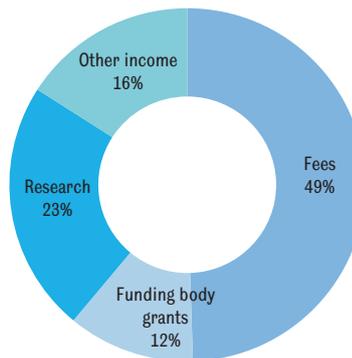
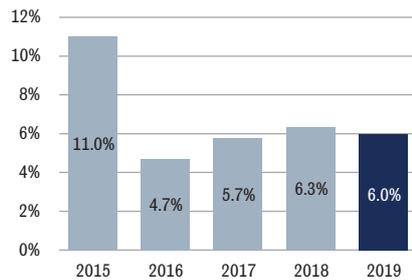
### Income

Our underlying income is £677m following income growth of 6.0% during the last year. This growth is primarily from increased student demand and fee income which has increased by 9.3%, particularly from international students.

Nearly three quarters of our income arises from our research and teaching activities. Student fees account for 49% of our underlying income, and research income accounts for 23% of our underlying income.

We have also seen other income grow due to royalty income. Growing and diversifying our income portfolio helps ensure we have broad based sources of income.

### Underlying Income Growth (%)



## Expenditure

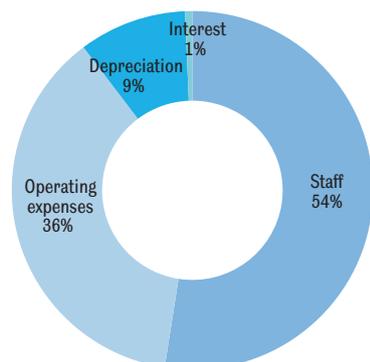
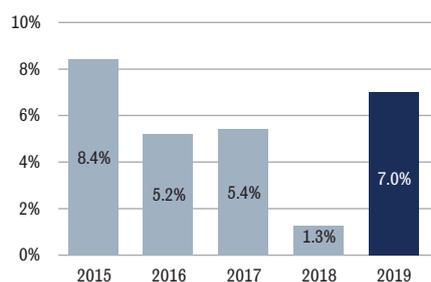
Underlying expenditure has grown in all areas of activity.

Staff costs remain our primary resource, enabling delivery of our world class teaching and research. Underlying staff costs (excluding USS provision changes) have increased by £24.2m (7.3%).

Depreciation growth of £8.8m reflects both upward revaluations and also continued planned investment in our academic facilities.

Other expenditure has grown by £10.5m. We have seen growth in professional fees and bought in services for activities such as agents' fees which are directly linked to our income growth.

### Underlying Expenditure Growth (%)



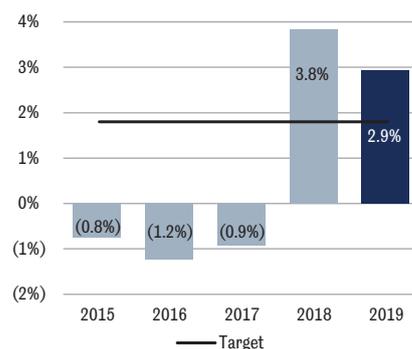
## Surplus

Our 2019 result builds upon the performance from 2018 and positions us well for the uncertainties that face the sector.

This performance allows us to generate the cash necessary to continue to deliver our long term plans whilst remaining financially resilient.

The sector operates with narrow margins. We undertake sensitivity analysis to understand the potential financial impacts of various scenarios, to help manage and mitigate the associated risks, and to inform strategic decision making.

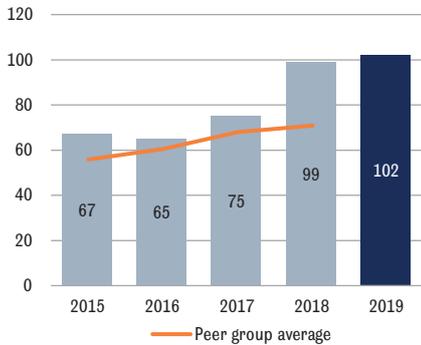
### Underlying Operating Surplus as (%) of Underlying Income



## Cash

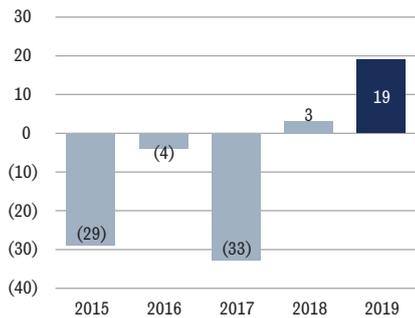
We have generated cash from operations of £102m during the year. This enables us to continue to invest in our staff, our facilities for our students and staff, and our strategic priorities, allowing us to realise our plans and ambitions for the future.

### Operating Cash Flow (£m)



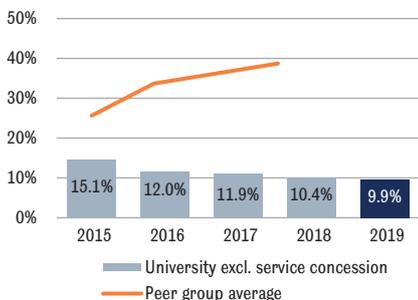
Strong cash generation in the year and modest borrowings meant that we moved to a net cash position at the year end. In this area we compare favourably with the sector with most of our comparator institutions being net borrowers.

### Net Cash/(Debt)



In line with income growth our borrowings as a % of our total income are steadily declining, again bucking the trend seen across the sector and reflecting our financial health.

### Borrowings as % of Total Income



## Total performance

Our total reported results this year are affected by several large items. These give rise to an operating deficit of £103m, and total comprehensive expenditure (bottom line result) of £30m.

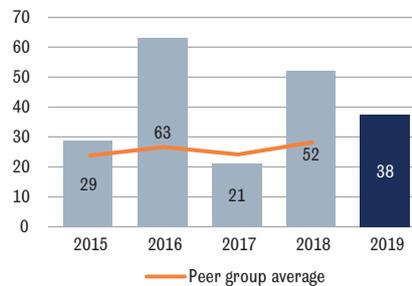
### Capital grants

Under our accounting standards we must report our capital grant income 'up front'. Consequently, the timing of the receipt has a big impact on when we report it in the accounts. Capital grants are not a recurrent income stream so the amounts we receive can vary significantly from year to year.

We are incredibly successful in securing capital grant income, particularly relating to research sponsors.

These capital grants enable us to invest in leading edge facilities and equipment to further our academic endeavour.

### Capital Grants (£m)



## Pensions

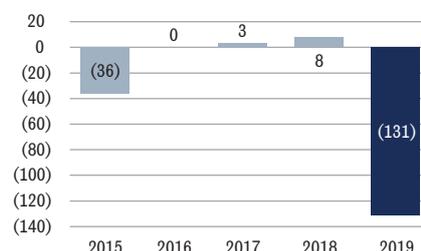
Our 2019 results include the impact of the 2017 USS valuation. The substantial increase in deficit reduction contributions the member universities will have to make to USS has resulted in a large increase in our balance sheet provision. This increase has to be charged as expenditure in the year, which has resulted in a charge of £131m. This is a large and distorting impact upon our results, reported primarily within staff costs.

Since the 2018/19 year end, a further valuation – the 2018 USS valuation – has been completed. If this latest valuation had been used as the basis for our provision the charge in the year would have reduced from £131m to £46m. We would be reporting a deficit of £18m instead of a deficit of £103m.

The 2018 valuation will be reported in the 2019/20 results, giving rise to large gains across USS participating universities, and year to year volatility.

This is an issue that affects all institutions that participate in USS.

### USS Pension Gain/(Loss) (£m)

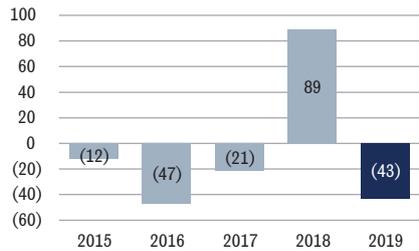


Our 'in-house' scheme, the University of Sheffield Pension Scheme (USPS) has also experienced a change in liability as a result of market conditions impacting on the scheme's assumptions, particularly the discount rate.

The underlying asset performance has been positive. However, market conditions, such as corporate bond yields which have decreased, are outside of our control, and these are driving the increase in liability.

However, as this is an 'in house' scheme it is treated differently in the accounts to the multiemployer USS scheme and instead appears below operating surplus as an "actuarial gain/(loss) in respect of pension schemes".

### USPS Pension Gain/(Loss) (£m)

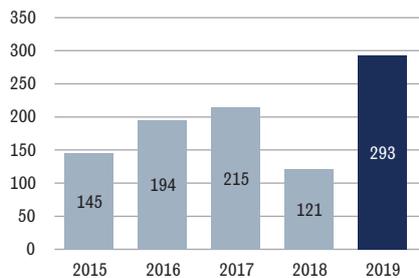


As a result of the USS and USPS liability increases our overall pension liabilities have increased by £172m from £121m to £293m.

Of course, as mentioned, if we had used the 2018 rather than 2017 valuation the increase in relation to USS would not have been as great and would have been half of the increase.

This has a significant impact on our Balance Sheet, although it is largely offset by the revaluation surplus noted below.

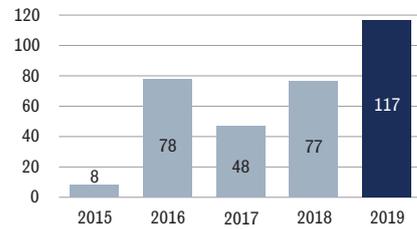
### Pension Scheme Liabilities (£m)



### Revaluations

The 2019 annual revaluation of our estate gave rise to a revaluation surplus of £117m, representing 8% of our total fixed asset value. This is driven by cost index increases and the beneficial impact of our estate upkeep.

### Gain on Revaluation of Land and Buildings



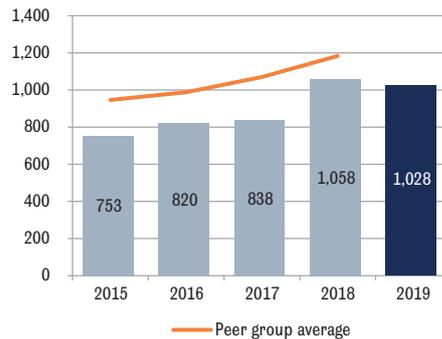
### Strong balance sheet

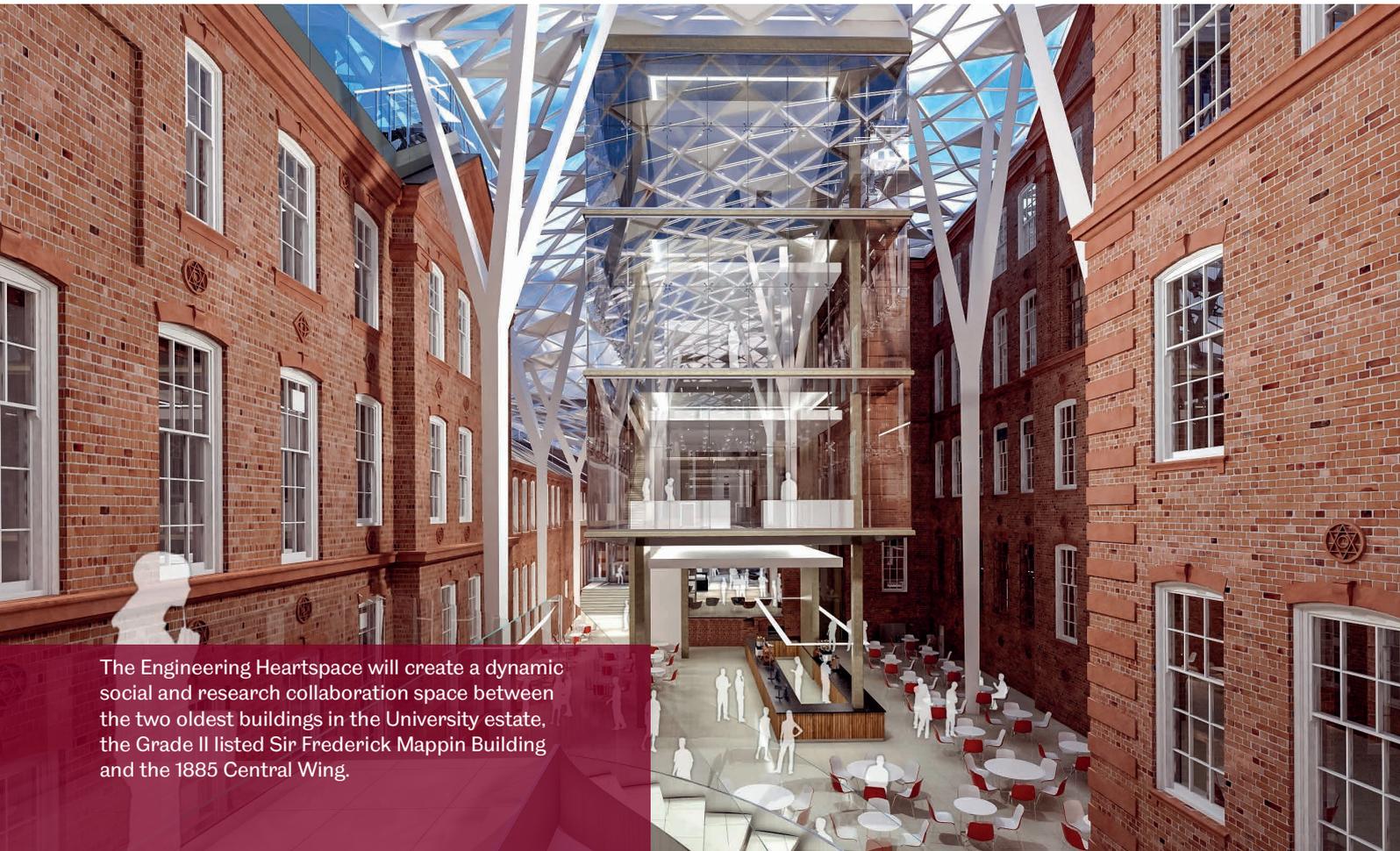
A strong balance sheet is a tremendous asset when managing through periods of uncertainty.

Our net assets have remained relatively constant from 2018 to 2019. Pension liability increases have been offset by growth in cash, revaluation gains, and continued investment in our estate.

Despite the pension increases we have over £1bn in net assets.

### Net Assets





The Engineering Heartspace will create a dynamic social and research collaboration space between the two oldest buildings in the University estate, the Grade II listed Sir Frederick Mappin Building and the 1885 Central Wing.

The Royce Discovery Centre is an innovative new, research-focused building.

The centre will help us build on the University's advanced manufacturing capabilities and transfer our knowledge and expertise to local industry.



## Capital investment



Opened in 1959, the Western Bank Library is a Grade II\* listed building. It is very popular with students and staff. We are refurbishing the building to ensure we have a more environmentally sustainable air quality system, which also provides an optimum study environment in the summer months.



## Risk management

We find ourselves operating in an environment with increased risk to that seen in the past. Risks include Brexit, the ramifications of the forthcoming general election upon our income streams, increased international competition and pensions. Comprehensive risk management and control arrangements ensure the sustainability of our operations and ensure we comply with all conditions of Office for Students (OfS) registration. Our University wide corporate risk register is reviewed by the University Council on a quarterly basis and monitors the risks, threats and opportunities from external events as well as the risks of not achieving our Strategic Plan. Periodic proactive work is also undertaken whereby we model various potential material risks to the University and undertake scenario analysis. The outcome of this work is discussed by the University Executive Board (UEB), the University Council and its sub Committees. All of the above enables us to operate effectively in our current environment and to understand, manage and mitigate risks. It ensures we are prepared and able to respond quickly, appropriately and in a controlled manner.

## Future challenges

The economic and political conditions we face as a sector are challenging with uncertainty on many fronts. However, we retain our ambitions to be a world-leading university. We will continue putting students, staff, the region and our international community at the forefront of all we do. We are well placed financially with solid underlying results and healthy cash generation placing us in a position of financial strength and confidence.

I would like to thank our staff and students for the past twelve months and their continued involvement in all aspects of University life, and for making us proud of the institution that we have today, and that we shape for the future.

## Your questions answered

### Q. What are the big pension costs?

A. There are two large pension costs; USS and USPS.

USS is the multi-employer scheme which many universities participate in. Each member university is contracted to make deficit reduction payments, based on their pensionable payroll, to address the overall deficit in the scheme, and we have to show the potential cost of this obligation as a provision in our balance sheet. Increases in the provision for deficit contributions from one year to the next have to be charged as a staff cost in the year, and following the 2017 actuarial valuation of the scheme there has been a very substantial rise in the deficit reduction contributions that all member universities will have to make. Large losses are expected across our peer group because of the impact on staff costs. The in year movement in the provision is a non-cash transaction, but it does have a material impact upon our total reported results.

USPS is our 'in-house' pension scheme. This has shown an increase in the liability due to market conditions, particularly corporate bond yields decreasing. Asset performance has been positive, but has been more than offset by falling corporate bond yields which we cannot control. This is driven by external markets, and is not particular to us. As this is an 'in house' scheme the University is entirely liable for the deficit on the scheme.

The movement on the deficit arising from actuarial losses is reported below operating surplus / (deficit). Like USS the in year movement is a non-cash transaction.

**Q. What is the difference between the 2017 USS valuation and the 2018 USS valuation?**

A. The usual triennial valuation was undertaken to the period ending 31 March 2017.

In November 2018 the USS Trustees agreed to undertake a valuation to 31 March 2018 in order to allow the Trustee to properly consider the Joint Expert Panel's recommendations and employer position relating to the 2017 valuation. This was completed in September 2019.

From an accounting perspective different assumptions were used between the two valuations, leading to materially different outcomes upon the financial statements. While the contribution rate increases from 5% to 6%, the repayment period reduces.

The 2017 valuation has to be reflected in the accounts, as it was the valuation 'in force' at the year-end date of 31 July 2019.

The 2018 valuation was approved in September 2019, and therefore is deemed to be a 'non adjusting post balance sheet event'. This means we can reference it in the narrative, but cannot adjust for it in the 2018-19 accounts. It will instead be included in the results for the financial year 2019-20 in which the valuation was approved.

The impact of the 2017 valuation on our future deficit payments is a charge to our income statement of £132m. If the 2018 USS valuation could have been used as the basis for our provision the impact on our income statement would have been £46m. We would be reporting an operating deficit of £18m instead of a deficit of £103m.

**Q. What are the capital grants and why do they vary so much?**

A. Capital grants are funds received from third parties, most typically for use on specific research buildings and equipment. We are incredibly successful at obtaining capital grant income. Accounting standards require us to recognise the income 'up front', and as they are not a recurrent income stream the profiling of receipt can be volatile from year to year dependent upon the timing of the receipt of the grant. This is reported in income, and directly impacts upon our operating surplus.

**Q. What are the revaluation gains?**

A: We revalue our land and buildings, but not our equipment. Valuations are undertaken on a cyclical basis by external professional valuers, and in the intervening years we ensure that the assets are shown at fair value in our accounts. When the value of our assets is deemed to have increased we report it as a gain. However, this gain isn't cash; we cannot spend it as it has not been 'realised'. The valuation reflects the current valuation of our property estate.



**John Sutcliffe**  
Treasurer

I would like to thank our staff and students for the past twelve months and their continued involvement in all aspects of University life, and for making us proud of the institution that we have today, and that we shape for the future.

# Strategic plan 2016–2021

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

## **Our mission**

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

## **Our vision**

Our vision is that research, teaching and learning together create a positive culture of higher education.

## **Our identity**

We are a civic institution, proud of our urban character, driving growth and vibrancy for our city, the region and the world.

## **Our guiding principles**

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

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

To these we add the challenges of action:

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

## **Our progress**

The University has a suite of performance indicators to assess progress towards the ambitions outlined in the strategic plan. These are reviewed regularly through UEB and Council in the context of the changing internal and external environment.

# Public benefit and responsibility

The University holds charitable status as an exempt charity. The Council and senior management have had due regard to the Charity Commission's public benefit guidance. Public benefit is integral to the University's culture.

For our University, social and public responsibility is integral to our education, research, partnerships and place-making. All our activity is geared towards improving the world's thought, creativity, invention, and store of knowledge.

Our values arise from our conviction that the purpose of a university is to contribute to the enlargement of the parameters of global understanding, and our Strategic Plan is an integral part of this service.

We foster a socially engaged approach that genuinely helps the society we serve, as well as supporting and growing the appetite for volunteering that exists in our staff and students. We continue to work with our Students' Union to identify and give credence to locally, nationally, and globally essential conversations and reforms, especially those that support a socially inclusive and open society.

We create a coordinated articulation of our research and its impact, so that all staff and students can act as proud advocates for the University. Our curricular and extracurricular activities provide staff and students with the knowledge and skills to be active global citizens.

We value open, inclusive and honest dialogue about the many conflicted choices we and the rest of the world face, and welcome our duty of public service to the society of which we are a part. We support students and staff in creating an inclusive, open society that encourages the free exchange of ideas in a mutually respectful atmosphere.

# World-class research and innovation



More than 1,000 apprenticeships have been trained in our AMRC since it opened in 2013.

## No 1 for engineering income and investment

In May 2019, we became the UK's No 1 university for engineering research income and investment. The figures released by the Higher Education Statistics Agency (HESA), further strengthen our reputation as a global leader in fundamental and translational research that tackles the biggest challenges of our time.

HESA's statistics show that our engineering research generated £124 million in 2017–18. Our engineering research covers a huge range of sectors including manufacturing, aerospace and automotive, artificial intelligence and robotics.

## New technology for clean growth

The University has been awarded funding for a new £21m Translational Energy Research Centre, as part of our new Energy Institute. This state-of-the-art centre will develop affordable, sustainable carbon capture technologies, helping to cut emissions and create jobs.

The funding recognises our world-class expertise in this field and the new centre will be in the heart of the region's Global Innovation Corridor, close to our Advanced Manufacturing Research Centre (AMRC) and Factory 2050. Our expertise, resources and partnerships with industry mean the facility can make things happen. It will play a major role in the UK's transition to a net zero economy. It will help businesses stay competitive, and it has the potential to make the UK a world-leader in the global energy market.

## Addressing global challenges

We welcomed a new group of Global Research Fellows as part of the government's £1.5 billion plan to ensure the UK plays a leading role in addressing the challenges faced by developing countries. Our Global Research Fellows will focus on priority issues including equitable access to sustainable development, human rights and social justice.

## Driving policy reform

Our public health researchers are leading Systems Science in Public Health Research (SIPHER), a new consortium that aims to improve public health by tackling inequalities. The interdisciplinary team will focus on economic decision models and other tools to support policy making.

## Preserving cultural heritage

A lost play by one of Britain's most celebrated writers had its world premiere this year thanks to researchers from our Faculty of Arts and Humanities. *After the Strike* (1985) by Barry Hines was performed in Sheffield as part of a collaboration between the faculty, the Kelham Island Museum and the Orgreave Truth and Justice Campaign.

Our arts and humanities researchers are also playing a key role in the UK's first Centre for Cultural Value, a £2m Arts Council funded project focusing on the role of arts and culture in conflict resolution, education, wellbeing and community regeneration.

## Creating energy solutions

A digital tool created by one of our solar energy experts has revolutionised energy management. PV\_Live, a real-time service that predicts the UK's solar output to a degree not previously thought possible, was conceived and developed by physicist Dr Alastair Buckley in collaboration with the National Grid.

## Changing lives

Our social scientists are influencing policy and supporting vital services in the UK and overseas. Notable achievements of the last year include a new toolkit to help schools identify children at risk of leaving education prematurely and a collaborative project to reduce food waste in developing countries using a combination of cryogenics, thermal engineering and data science.

## Scientific discovery to kill superbugs

Our scientists discovered a new compound that visualises and kills antibiotic resistant superbugs. Doctors have not had a new treatment for gram-negative bacteria in the last 50 years and no potential drugs have entered clinical trials since 2010. Antimicrobial resistance is already responsible for 25,000 deaths in the EU each year, and our scientists and Rutherford Appleton Laboratory are helping to improve health outcomes with their pioneering research.

# Our flagship research institutes

**Our four flagship institutes launched in May 2019. They're taking an interdisciplinary approach to the biggest issues facing the planet.**



The Neuroscience Institute works to improve the lives of patients and families affected by conditions including motor neurone disease, Alzheimer's disease, chronic pain and stroke. Their collaborative approach converts translational neuroscience into medical benefits.



Sheffield's Energy Institute is home to one of the largest teams of its kind in Europe. Through innovation and collaboration, they're finding reliable, low-carbon solutions to the world's biggest energy challenges.



Our Healthy Lifespan Institute combines medical expertise with evidence-based social policy to tackle multi-morbidity. They're developing new strategies that help people to live healthier, independent lives for longer, reducing the cost of care.



Drawing on expertise from science, engineering, the arts and humanities and social sciences, our Institute for Sustainable Food aims to transform the way we produce and consume food. From plant and soil biology to food justice and equity, their research drives technological innovation to help feed our world.

# Education and student experience

## Reputation and rankings

The 2020 QS World University Rankings place us 78th in the world and 14th in the UK.

The Times Higher Education (THE) Europe Teaching Rankings place us at 22, one of the best universities in Europe for teaching excellence, and among Europe's top 50 most international universities.

Sheffield Students' Union, ranked No 1 in the Times Higher Education Survey from 2009–2019, was ranked No 1 by Whatuni for the third consecutive year.



Sheffield Students' Union has been voted number 1 in the UK for 10 consecutive years.

## National Student Survey (NSS)

The latest survey ranks our University 14th in the UK and second in the Russell Group for student satisfaction. Our response rates have increased from 58 per cent in 2017–18 to 68 per cent in 2018–19. Overall satisfaction was 88 per cent, a three per cent rise from last year and four per cent higher than the sector benchmark.

## Teaching Excellence Framework (TEF)

Our performance in the Teaching Excellence Framework (TEF) remains strong. We were awarded TEF Silver in 2018, which means we're 'delivering high-quality teaching, learning and outcomes...' and regularly exceeding the benchmarks for UK universities.

## Developing our innovative teaching

Departments have taken further steps towards implementing an holistic Programme Level Approach (PLA) by enhancing the effectiveness of assessment and feedback. We expect to see the impact of these changes over the coming year.

## Leading the sector on student voice

Our academic representation system has contributed to a four per cent increase in overall satisfaction (NSS) and a two per cent increase in effective representation by our Students' Union, making our University a leader on student voice in the Russell Group and nationally.

Over one thousand students volunteered as academic reps in 2018–19. 85 per cent said they believed they'd made a meaningful contribution to their departments and faculties.

## No 1 in the North for graduate prospects

The Times and Sunday Times Good University Guide 2020 rates Sheffield the best university in northern England for graduate prospects – for the third year running. This consistency reflects our commitment to services and support such as work experience and skills training.

## Our role internationally

The Times Higher Education (THE) World University Rankings 2019 placed Sheffield 42nd out of 800 and identified us as one of the world's most international universities. Our concerted efforts at building overseas partnerships – in research and for staff and student exchanges – are key to this achievement.

## Improving mental health support

The University Counselling Service have worked with the NHS Improving Access to Psychological Services (IAPT) team to develop a range of student-specific group sessions delivered on campus. The group sessions cover topics such as managing mood, depression, stress and anxiety. Mental health and wellbeing is a key focus and a Dialectical Behaviour Therapy skills group aimed at students with more complex mental health needs was introduced this year in collaboration with the NHS and the University Health Service.

# Student numbers

## Student recruitment

Thanks to the hard work and dedication of both professional services and academic staff, we have increased the quality of our undergraduate intake – essential to our reputation – while maintaining numbers. Recruitment from state schools and low participation areas stayed stable. International recruitment was significantly above target, despite an uncertain climate, and we are continuing to see an increase in students from China, as well as promising numbers from India, South Korea, Saudi Arabia and the UAE.

### Full-time students

Faculty	Undergraduate			Postgraduate			Total
	Home/EC	Overseas	Sub total	Home/EC	Overseas	Sub total	
Faculty of Arts and Humanities	2,360	89	2,449	383	398	781	3,230
Faculty of Engineering	3,217	1,244.5	4,461.5	540	1,271	1,811	6,272.5
Faculty of Medicine, Dentistry and Health	2,035	138	2,173	572	308	880	3,053
Faculty of Science	3,083.5	415	3,498.5	719	258	977	4,475.5
Faculty of Social Sciences	3,886.5	1,086.5	4,973	1,067	2,915	3,982	8,955
Advanced Manufacturing Research Centre	87		87				87
Department for Lifelong Learning	148	1	149				149
<b>Grand total</b>	<b>14,817</b>	<b>2,974</b>	<b>17,791</b>	<b>3,281</b>	<b>5,150</b>	<b>8,431</b>	<b>26,222</b>

### Part-time students

Faculty	Undergraduate			Postgraduate			Total
	Home/EC	Overseas	Sub total	Home/EC	Overseas	Sub total	
Faculty of Arts and Humanities	31	2	33	217	8	225	258
Faculty of Engineering	45	44	89	57	30	87	176
Faculty of Medicine, Dentistry and Health	166	7	173	655	101	756	929
Faculty of Science	81.5	10.5	92	79	2	81	173
Faculty of Social Sciences	37.5	19.5	57	835	43	878	935
Advanced Manufacturing Research Centre	51		51	3		3	54
Department for Lifelong Learning	34		34				34
<b>Grand total</b>	<b>446</b>	<b>83</b>	<b>529</b>	<b>1,846</b>	<b>184</b>	<b>2,030</b>	<b>2,559</b>

### Additional students

Modern Languages students abroad	151
Students on optional year outs	367
Erasmus and Year Abroad students	367
<b>Total</b>	<b>885</b>

### First degree award classifications

Faculty	1	2.1	2.2	3	Pass	Total
Faculty of Arts and Humanities	215	604	60	3	4	886
Faculty of Engineering	384	493	184	20	22	1,103
Faculty of Medicine, Dentistry and Health						
*MB ChB & BDS do not follow the same class structure	54	78	33	4	287	456
Faculty of Science	389	616	171	22	6	1,207
Faculty of Social Sciences	363	880	259	18	45	1,565
Board of Extra Faculty Provision	2	8			1	12
<b>Grand total</b>	<b>1,407</b>	<b>2,682</b>	<b>708</b>	<b>67</b>	<b>365</b>	<b>5,229</b>

### Certificates and Diploma awards

Faculty	Diploma	Cert	Total
Faculty of Medicine, Dentistry and Health	21	13	34
Faculty of Science	1	14	15
Faculty of Social Sciences		1	1
Board of Extra Faculty Provision	2	2	4
<b>Total</b>	<b>24</b>	<b>30</b>	<b>54</b>

# Our partnerships

## Training the region's nurses

Our School of Nursing and Midwifery has been appointed Trainee Nursing Associate Apprenticeships provider for South Yorkshire and Bassetlaw. One hundred and thirty eight new apprentices joined the programme in December 2018, providing vital support to frontline services including hospitals, GPs and nursing homes.

## Promoting our city and its culture

Delivered through Sheffield Cultural Consortium's Cultural Destination Programme, Staff from our Partnership and Regional Engagement team worked alongside city partners and 150 volunteers to deliver a complex, ambitious exhibition of work by Sheffield street artist Phlegm. Built inside an abandoned cutlery factory, *The Mausoleum of the Giants* attracted 12,081 visitors and global attention.



An empty Sheffield factory became a once in a lifetime Phlegm art experience.

## McLaren chooses Sheffield

Attracted by our world-class research, automotive giant McLaren has built a manufacturing facility here. The £50m McLaren Composites Technology Centre (MCTC) opened in November 2018. Apprentices will be trained at our Advanced Manufacturing Research Centre (AMRC).

## Industry 4.0: a dynamic new curriculum

Building on our longstanding partnership with Siemens, the University is playing a key role in a new teaching programme. Launched in Sheffield, Siemens Connected Curriculum will bring advanced industrial tools and approaches to our degree courses and apprenticeships.

## RISE: driving regional growth

The award-winning RISE scheme, which connects graduates with small and medium-sized businesses in the region, relaunched in June 2019 after securing £684k from the European Regional Development Fund.

## Celebrating literature and ideas

An innovative partnership with Sheffield Hallam University, Off the Shelf has become one of the UK's biggest most eagerly anticipated literary festivals, celebrating culture, sharing ideas and attracting some of the world's most acclaimed writers. The 2018 festival brought 22,374 people to events at venues across the city.

## Global partnerships

We continue to deepen our long-standing working relationships with universities from across the globe alongside establishing new ones. The nature of these collaborations varies from research to address the world's most pressing challenges to facilitating staff exchanges and development opportunities. New partnerships include a University-wide agreement with Tsinghua University (China), whilst relationships with Nanjing University (China), the University of Alberta (Canada), and the University of Ghana (Ghana) have been strengthened.

## Broadening horizons

Through the University's membership of the Worldwide Universities Network (WUN), a number of our researchers have had the chance to visit international partners from the consortium to establish research links, and four specific universities in Ghana, Mexico, China and Brazil have been targeted for developing collaborative Global Challenges Research Funds (GCRF) proposals.

**340**

students funded by Erasmus to study and work in Europe.

**101**

students studied at partner universities outside Europe.

**31**

members of staff funded by Erasmus to teach and train in Europe.

**73**

students travelled overseas through the Your Global Sheffield scheme.

**56**

students attended summer schools at partner institutions overseas.

**16**

staff participated in the Strategic Staff Mobility Programmes.

# Sustainability

## Developing strategy

Following publication in 2018 of our Year 1 strategy, we have been consulting on a five-year strategy and action plan to be launched in autumn 2019. The plan is structured around the UN's sustainable development goals. Actions and targets cover every area of our activities.

## Sustainable Education

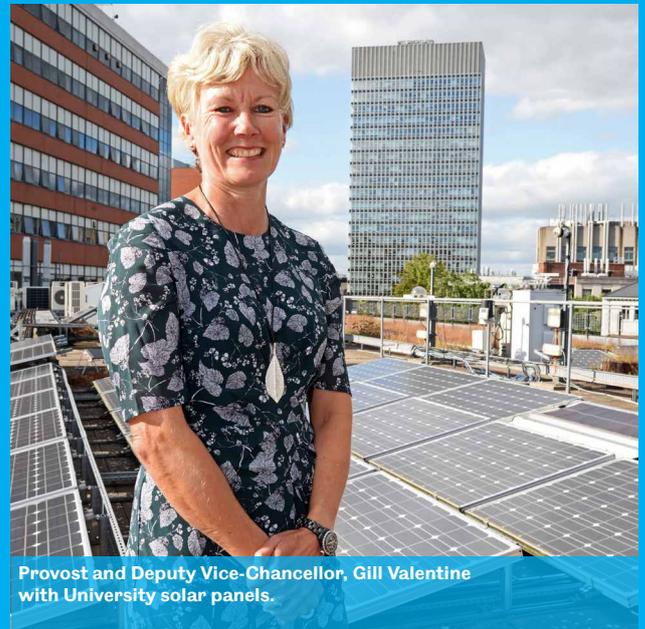
In line with our strategy and in response to student demand, we're making Education for Sustainable Development part of the curriculum. We're working closely with the Students' Union on ways to embed the subject on every course.



Internal view of the Faculty of Social Sciences building due to open in 2020.

## Fossil fuel divestment

Earlier this year we completed our divestment from fossil fuel companies. The University no longer holds any shares in any companies engaged in fossil fuel extraction or processing.



Provost and Deputy Vice-Chancellor, Gill Valentine with University solar panels.

## Reducing emissions

We are on track to meet our target of a 43 per cent reduction by 2020. Since 2005, the University has cut its emissions by 30 per cent.

We continue to invest in our campus to make sure walking and cycling are the most attractive options for staff and students. The University's fleet is now 30 per cent electric and we expect this figure to increase as new vehicles become available.

## Investing in infrastructure

Work has begun on a new energy centre that will ensure an uninterrupted power supply for our world-leading research projects. As well as enhancing energy security and making our campus more resilient, the Transformer will reduce our heat and electricity costs.



External view of Transformer building, our new energy centre, that will open in 2020.

# An inclusive university

**We know that when people come together with different views, approaches and insights it leads to richer, more creative and innovative teaching and research. We continue to strive to create a supportive and inclusive environment where everyone can flourish.**

## Gender equality

We have successfully taken actions to reduce our gender pay gap. We are pleased that our gender pay gap is showing a continued reduction but we are not complacent and are identifying further actions to reduce the gap at a greater pace and create gender balance across the workforce. In recognition of our commitment to gender equality Our Athena SWAN Charter silver institutional award has been renewed until 2022, making us one of only 18 universities to hold this accolade.

## Race Equality Strategy and Action Plan

We have set ourselves ambitious targets as part of our new Race Equality Strategy and Action Plan, which aims to tackle issues of under-representation, progression and attainment of Black, Asian and Other Minority Ethnic (BAME) colleagues, and aims to create a University community which is diverse and inclusive. Our Wall of BAME celebrates the achievements of some of our Black, Asian and Other Minority Ethnic staff, students and alumni.

## Stonewall Top 100 Employer

For the sixth year running, our work to tackle discrimination and create an inclusive workplace for lesbian, gay, bi and trans employees, has been recognised in Stonewall's Workplace Equality Index. We're proud to be placed at number 23 on this year's list, our highest ranking to date.

## Mental health and wellbeing

We recognise the importance of creating a positive environment where colleagues are supported and feel able to talk openly and with trust about mental health problems and seek help if necessary. We are working to ensure that we are able to identify and mitigate stress at the earliest opportunity. Ninety-seven colleagues have completed Mental Health First Aid training and 45 departments have taken part in stress and resilience training. We also know that we need to tackle the root cause of stress and through our academic workload group we are establishing how we can better support academic staff to deliver excellent research, teaching and leadership without a detrimental impact on their wellbeing due to workloads.

## Casual working

We took the decision last year to ensure that all of our regular scheduled teaching is undertaken by colleagues employed on a full employment contract which affords our staff better protection and benefits. Building on our commitment in this area, we have created a Graduate Teaching Assistant (GTA) employment contract at Grade 7 to recognise the high level work carried out by some of our postgraduate research students. We continue to monitor external funding streams and look to see where we can transfer fixed-term contracts to open-ended contracts, continuing to work with our trade union colleagues to ensure our casual workforce is well supported and that we address any concerns.



Casual working arrangements to meet the needs of our staff in the workplace.

## Sheffield Leader

This year, we launched Sheffield Leader: Impact, our new approach to leadership development. Sitting alongside our existing development opportunities, Sheffield Leader: Impact provides those in leadership roles with the skills, behaviours, confidence and drive to deliver the University's ambition of achieving excellence. It will also help our leaders engage better with their teams and create high levels of performance and staff wellbeing, among those they lead and manage.

Through our Future Leaders programme we are developing our staff who have the potential for senior leadership roles.

## The Technician Commitment initiative

We are a founding signatory of the Technician Commitment, a nationwide scheme aiming to address the challenges facing technical staff at HEIs and research institutions. Our action plan, which sets out how we are ensuring the visibility, recognition, career development, and sustainability of our technical staff, has been praised for demonstrating 'outstanding and exemplary commitment to and understanding of the technical community within the University'.

# Our people

**Thank you to all our staff for their fantastic contributions to our University. Below is a snapshot of some of their personal and professional achievements during the last 12 months:**

**Dr Julie Hyde**

Department of Chemistry

**Professor Katherine Linehan**

Department of Biomedical Science

**Dr Gary Wood**

Head of Sheffield Engineering Leadership Academy

Awarded National Teaching Fellowships

**Mr David McKown**

Head of Training and Quality in Accommodation and Commercial Services

Awarded MBE in the Queen's Birthday Honours list 2019

**Dr Sabine Little**

School of Education

Awarded UKLA's National Diversity and Inclusion Award

**Professor David Beerling**

Department of Animal and Plant Sciences

**Professor Richard Jones**

Department of Physics and Astronomy

Elected to Council of the Royal Society

**Professor Robert Stern**

Department of Philosophy

Awarded Fellow of the British Academy for Outstanding Research in Humanities

**Professor Jamie Hobbs**

Director of the Krebs Institute and from Department of Physics

**Dr John Williams**

Former Head of Physics and Astronomy and Honorary Reader

Awarded Philips Award by the Institute of Physics

**Professor Philip McCann**

Sheffield University Management School

Awarded by a regional science prize by European Regional Science Association (ERSA)

**Dr Andrew Beckerman**

Department of Animal and Plant Sciences

Awarded British Ecological Society Award

**Professor Thomas Helleday**

Department of Oncology and Metabolism

Awarded Nation's Lifesavers Award by Universities UK for his pioneering cancer research

**Professor Michael Barkham**

Chair of Psychological Therapies

Awarded Research Career Award by the Society of Psychotherapy Research

**Professor Sarah Blandy**

School of Law

**Professor Petra Meier**

School of Health and Related Research (ScHARR)

Awarded Fellow of the Academy of Social Sciences

**Dr Daniel Humphrey**

Department of Biomedical Science

Awarded Research and Innovation Future Leaders Fellowship

**Dr Laura Ferraiuolo**

Department of Neuroscience

Awarded 2019 Paulo Gontijo Award

**Professor Neil Lawrence**

Department of Computer Science

Joined the UK's Council for Artificial Intelligence

# Alumni and philanthropy

## Volunteering

In the last year, 1,000 alumni from 53 countries gave almost 11,000 hours of their time to help the University. Over 5,000 students benefited from their support. Activities included e-mentoring, speed networking and careers talks.

Another City Connections event was held in London, enabling social sciences students from widening participation backgrounds to visit businesses and network with alumni.

In Sheffield, we launched Northern City Connections which provides similar opportunities for arts and humanities students.



Students from the Faculty of Social Sciences engage with alumni at a City Connections Event.

## Giving

The University received just under £8m of income from philanthropic support in 2018–19. We also received gifts and pledges worth a further £7m. These gifts are helping to power research and provide opportunities for hundreds of talented students.

### MRI-PET scanner campaign

Supported by over 11,000 donors, the campaign reached its £2m target in 2018. Work on the purpose-built facility that will house the scanner is now well underway. Donations included a £373,000 gift from the estate of the late Peter and Ruth Linacre.

## Fundraising for scholarships

Fundraising activity generated £1,080,000 to support undergraduates and postgraduates starting their degrees in 2019–20. In the last five years, over 1,000 students have received awards funded by donations.

As of July, the Big Walk 2019 had raised £30,000 for Sheffield Scholarships, an appeal to support talented students from disadvantaged backgrounds. A huge thank you and well done to all the walkers, experienced and not-so-experienced, who took part.



"Being awarded a scholarship allowed me to take my place at Sheffield with more confidence that I'd be able to complete the degree." Scholarship recipient Akinmi Akingbade, BEng Aerospace Engineering student.

## Legacies

We received £900,000 from legacy gifts in 2018–19, helping to support various projects including scholarships, our scanner campaign, bone research and the National Fairground and Circus Archive. Donations included £150,000 from the estate of Alan Kelly, world-renowned discographer and honorary graduate.

## Global alumni events

Sheffield alumni gathered at events around the world this year, in Dubai, the USA, Australia and China, as well as on campus and in London. Two thousand alumni registered for 200 places at the House of Lords reception hosted by Lord Blunkett.

## Distinguished Alumni Awards

Professor Greg Teggart, a metallurgist, was presented with his award at a reception in Melbourne. Nobel prize winner Sir Richard Roberts received his award at the annual American alumni reunion in San Francisco. Lucie Lunt, editor-in-chief at Bauer Media and Faye Savory, award winning entrepreneur, received their awards at the July graduation ceremonies.

# Our University at a glance

## Officers of the University Session 2018–19

### The Chancellor

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

### The Pro-Chancellors

Mr A P Pedder OBE (Chair of Council)  
Ms A M Hope  
Mr R Mayson

### The Treasurer

Mr J T Sutcliffe

### The President and Vice-Chancellor

Professor K Lamberts

### The Provost and Deputy Vice-Chancellor

Professor G Valentine

### The Cross Cutting Vice-Presidents

Research and Innovation: Professor D N Petley  
Education: Professor C W Morgan

### The Faculty Vice-Presidents

Arts and Humanities: Professor S Fitzmaurice  
Engineering: Professor M J Hounslow  
Medicine, Dentistry and Health:  
Professor Dame Pamela J Shaw DBE  
Science: Professor J Derrick  
Social Sciences: Professor C A Watkins

### University Secretary

Dr T Strike

## The Council of the University Session 2018–19

### Ex-officio members

The Pro-Chancellors  
The Treasurer  
The President and Vice-Chancellor  
Persons appointed by the Council  
Mr D J Bagley, Mr A Belton, Dr K Layden, Dr J Nicholls,  
Mr S Sly, Ms K Whitton, Mr A P W Wray

### Not fewer than two and not more than three Senior Academic Officers appointed annually by the Chair of Council in consultation with the President & Vice-Chancellor

Professor G Valentine  
Professor C W Morgan  
Professor D N Petley

Three members of the Senate elected by the Senate  
Professor L Maltby, Professor M Siva-Jothy, Mr R Sykes

### The President of the Students' Union

Ms L Jones (to 30 June 2019)  
Mr J Verity (from 1 July 2019)

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

Miss G Hague

### Secretary to the Council

Dr T Strike

## Faculties and Departments

### Arts and Humanities

Archaeology, English, History, Languages and Cultures,  
Music, Philosophy.

### Engineering

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

### Medicine, Dentistry and Health

Clinical Dentistry, Health and Related Research, Health  
Sciences, Infection, Immunity and Cardiovascular Disease,  
Medical School, Neuroscience, Oncology and Metabolism.

### Science

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

### Social Sciences

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

### International Faculty – City College, Thessaloniki

### Extra Faculty

### Lifelong Learning

# Financial statements 2018–19.

# Corporate governance

The following statement is intended to provide an understanding of the governance and legal structure of the University of Sheffield. The University is an independent corporation whose legal status derives from a Royal Charter granted in 1905. It is an educational charity, with exempt status, regulated by the Office for Students in its capacity as Principal Regulator. The University has charitable purposes and applies them for the public benefit. It must comply with the general law of charity. The University's charity number is X1089. The University's objectives, powers and governance framework are set out in its Charter and supporting Statutes and Regulations. This statement relates to the year ended 31 July 2019.

The University of Sheffield has a public interest duty to conduct its affairs in a transparent and responsible way, in accordance with the Nolan principles, to meet the regulatory requirements of relevant statutory bodies, in particular the ongoing conditions of registration with the Office for Students, and complies with the Office for Students' Public Interest Governance Principles and the Higher Education Code of Governance published by the Committee of University Chairs. The University's governing body, the Council, has reviewed its operation against the Code, and a subsequent effectiveness review, undertaken in 2016, has confirmed compliance. The Council undertakes a review of effectiveness every four years, in accordance with the Code.

The University makes the Minutes of each Council meeting publicly available via its website, together with all supporting papers that are not confidential or otherwise contain sensitive material. Council approves the list of papers to be published as a standing agenda item at each meeting. A report on the proceedings of Council is provided to each meeting of the Senate, together with reports of certain Council committees. The minutes of the University Executive Board are also published online, with confidential or sensitive items redacted.

## Leadership

The President and Vice-Chancellor is the University's Chief Executive Officer, and principal academic officer. The President and Vice-Chancellor is also the designated Accountable Officer with the Office for Students, for purposes of the Higher Education and Research Act 2017.

Under powers delegated by the Council, the President and Vice-Chancellor exercises a key role in terms of the development of institutional strategy, the identification and planning of new developments and the shaping of institutional ethos. The President and Vice-Chancellor is a member of the Council and Chair of the Senate. A University Executive Board, comprising senior academic and professional services members, is appointed by and acts in an advisory capacity to the President and Vice-Chancellor. Ultimate responsibility for the management of the University and the conduct of its business rests with the Council.

## Governance

### The Council

The University's Council is the governing body of the University and its board of charitable trustees, responsible for the strategic development and overall achievement of the University's mission and purposes. Subject to the delegated powers of the Senate, it has ultimate responsibility for all areas of operation.

The Council's membership comprises lay and professional and academic persons, including a student representative, appointed under the Statutes of the University, the majority of whom are non-executive and have time limited terms of office. Members of the governing body provide a register of interests and a declaration that they are fit and proper persons.

The role of the Chair of the Council is separate from that of the University's Chief Executive, the President and Vice-Chancellor. The performance of the President and Vice-Chancellor is monitored through the provisions of Section 6 of the Statutes and Regulation II:5.11 and through the existence and application of the Staff Review and Development Scheme, carried out by the Chair of the Council.

The appointment of the University Secretary with appropriate separation in the lines of accountability is through the provisions of Regulation VI: 8. The University Secretary is appointed by and responsible to the Council for the operation and conduct of the University's overall governance structures, ensuring the university acts in accordance with its governance documents, that effective processes are in place to provide assurance and to ensure legal and regulatory compliance. The University Secretary is the Secretary to the Council and the Senate and reports to the Chair of the Council and to the President and Vice-Chancellor, who is Chair of the Senate.

The powers and functions of Council are set out in Regulation II:4-5. The matters specially reserved to the Council for decision are set out in Regulation II:6. Among the powers the Council holds to itself are those relating to appointing the President and Vice-Chancellor, the approval of the University's strategic plan and the approval of financial forecasts, annual budgets, approving the annual audited accounts and appointing the University's auditors. Following review, the public interest governance principles are set out as provisions in the Regulations of Council. Council delegates its powers to other bodies and individuals as appropriate and in accordance with the Scheme of Delegation set out in Regulation III, which is reviewed annually.

In addition to the Nominations Committee, which is a formally constituted committee of the Council, much of the work of the Council is carried out through the following principal committees, all of which have terms of reference approved by Council and which report formally to Council:

- The Audit Committee is constituted in line with guidance issued by the Committee of University Chairs and comprises both lay members of the University Council and external co-optees with special expertise. Whilst senior executives attend meetings of the Audit Committee, they are not members of it. Both the external and internal auditors have independent access to the Committee, and vice versa. The Audit Committee is responsible for making recommendations to the governing body on the appointment of both the internal and external auditors to the University. The Committee meets with the external auditors to discuss their audit findings, and to review and approve the audit aspects of the annual financial statements; and it provides the governing body with its own opinions. It also approves and influences the annual audit plan prepared by the University's internal auditors, and considers completed audit reports dealing 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 receives and considers reports from external funding and regulatory bodies as they affect the University's business and monitors adherence to the regulatory requirements. The Committee's role in relation to risk oversight and assurance is outlined below.
- The Finance Committee is the body responsible for advising the Council on all matters relating to the finances of the University including ensuring there are adequate and effective arrangements in place to ensure regularity and propriety in the use of public and other funding and to provide transparency about value for money. The committee recommends to the Council the University's Financial Statements for approval, annual revenue and capital budgets, monitors performance in relation to the approved budgets and monitors the execution of financial policies adopted by the Council.
- The Estates Committee acts as an expert advisory panel to the Council on estates matters in support of the Council's responsibility for the stewardship and the effective and efficient development of the University estate, and specifically to monitor the implementation of the University's Estate Strategy. The Committee reviews and appraises the overall capital programme and individual schemes and scrutinises strategic development of the estate in terms of acquisitions and disposals. The Committee considers the implications of changing legislation, planning and governance requirements and monitors relevant statistics.
- The Senior Remuneration Committee is responsible for overseeing the appointments of executive and other senior members of staff, balancing the needs of the University in a competitive environment with the appropriate use of funds. The Committee operates in accordance with the CUC Higher Education Code of Governance and its operation has recently been

reviewed to ensure compliance with the CUC's Remuneration Code and related Office for Students requirements in relation to senior pay.

- The Equality, Diversity and Inclusion Committee develops strategy, monitors equality and diversity matters in the University, evaluates actions and progress and provides support and guidance in relation to the University's equality and diversity policies and action plans.

### The Senate

- The Senate is the academic authority of the University, whose role is to oversee the teaching and research of the University, responsible for academic quality and standards and for the admission and regulation of students on behalf of the Council. Chaired by the President and Vice-Chancellor, its membership is drawn mainly from the academic staff of the University and also includes student representatives. The Senate reports to Council and is required to provide assurance to Council that academic governance is effective. Senate has an Academic Assurance Committee, which tests the arrangements Senate has in place to ensure quality and standards, and Senate makes an annual report and presentation to Council, to permit testing of the assurances it receives.

### 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, Statutes and Regulations and the public interest governance principles set out in the regulatory framework for Higher Education in England.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives or to comply with legal, statutory or regulatory obligations; it can therefore only provide reasonable and not absolute assurance of effectiveness.
3. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2019 and up to the date of the approval of the annual report and financial statements. The process is regularly reviewed by the Council and accords with the relevant Financial Reporting Council guidance. The University has formally applied the CUC (Committee of University Chairs) Higher Education Code of Governance which is principally committed to identifying the key values

and practices on which the effective governance of UK HE providers is based. The University manages risks through a Corporate Risk Register, which is reviewed regularly throughout the year and is considered by Council and Audit Committee. There are also Faculty and Professional Services Risk Registers, and Departmental Risk Registers for both academic and professional service departments. The University also maintains a register which sets out its ongoing registration conditions with the Office for Students and this is used to ensure and monitor compliance. The Risk Review Group (a subgroup of the University Executive Board) oversees these different levels of risk. The University's risk management policy is reviewed annually by the Risk Review Group and by Council.

4. The following processes have been established:
  - a. The performance, plans and strategic direction of the institution are specifically considered at one of the regular meetings of the Council each year.
  - b. The University Council agrees and annually reviews performance), linked to Strategic Plan goals, and has oversight of the outcomes achieved, direction of travel and distance from ambition, as set out in the Strategic Plan.
  - c. The Council undertakes an annual assessment for the purpose of making its public statement on internal controls. This assessment considers issues dealt with in the periodic reports received.
  - d. The Council receives periodic reports from the Chair of the Audit Committee concerning internal control and risk management, including in relation to University subsidiary companies.
  - e. The Council in overseeing the management of strategic risks receives regular reports from Audit Committee And the Risk Review Group.
  - f. The Audit Committee receives regular reports from Internal Audit, which include Internal Audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement. The Audit Committee may also request additional reports to gain assurance from other parties on areas of concern. A Data Assurance Group supports Audit Committee in its evaluation of the management and quality assurance of the external reporting of data to statutory and regulatory bodies.
  - g. A risk prioritisation methodology based on risk ranking has been established.
  - h. An organisation-wide risk register is maintained for corporate level risks, including the ability of the University to continue to comply with all of its conditions of registration with the Office for Students.
  - i. A reporting structure has been implemented whereby high-level strategic opportunities and risks are overseen by the Risk Review Group and reported to the Audit Committee and Council. The University Executive Board receives reports on the action taken on all corporate level risks, along with suggestions for additions to and deletions from the risk register.
  - j. Council has approved a Code of Ethics and receives an annual report on its operation. The Research Ethics Committee of Senate provides specific assurance over ethical matters associated with research activities.
  - k. The University undertook a review of Council effectiveness during 2015-16 using an external third party law firm to advise and report. These reviews will be carried out at four year intervals as required by the CUC Higher Education Code of Governance and the next review is due in 2020. Annual reviews based on feedback from Council members are also undertaken.
  - l. The responsibility of Council to maintain and protect the principle of academic freedom is enshrined in the University Charter and appropriate references made during the induction of new members of Council.
  - m. Sub-committees of the Senate Learning and Teaching Committee oversee the totality of the University's collaborative provision, reporting major developments or significant institutional risks through to Council as appropriate.
  - n. The University keeps under regular review the policies, procedures and powers delegated by the Council to other bodies and individuals, including the President and Vice-Chancellor.
  - o. The Secretary to Council is responsible for ensuring that the University's constitution is followed at all times, taking advice where appropriate.
5. The institution has contracted its internal audit function to an external provider. 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 senior officers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by the comments made by the external auditors in their management letter and other reports.

# Responsibilities of the Council of the University of Sheffield

The Council are responsible for preparing the Annual Report and the financial statements in accordance with the requirements of the Office for Students' Terms and conditions of funding for higher education institutions and Research England's Terms and conditions of Research England grant and applicable law and regulations.

They are required to prepare group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students. The Council are required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the group and parent University financial statements, the Council are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

The Council is responsible for keeping proper accounts and proper records in relation to the accounts. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Council are also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Independent auditor's report to the Council of the University of Sheffield

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of The University of Sheffield ("the University") for the year ended 31 July 2019 which comprise the Group and University Statements of Comprehensive Income, the Group and University Statements of Changes in Reserves, the Group Statement of cash flow, and related notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2019, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- meet the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students, other than where the University has applied the allowance to early adopt the requirements of paragraph 12(d) of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors, such as the valuation of property, plant and equipment, valuation of pension assets, liabilities and provisions, recoverability of debtors and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group and the association's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with

the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group and the association's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for an entity and this is particularly the case in relation to Brexit.

### Going concern

The Council has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Council's conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University will continue in operation.

### Other information

The Council is responsible for the other information, which comprises the Strategic Plan and the Report of the Treasurer and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

### Council responsibilities

As explained more fully in their statement set out on page 33, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### Report on other legal and regulatory requirements

We are required to report on the following matters under the Office for Students and Research England Audit Codes of Practice issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes; and
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them.

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Council, in accordance with the Charters and Statutes of the institution. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them 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 University and the Council for our audit work, for this report, or for the opinions we have formed.

**Clare Partridge for and on behalf of KPMG LLP,  
Statutory Auditor**

*Chartered Accountants*  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

# Principal accounting policies

## 1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS) 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

The financial statements have been prepared in accordance with the Accounts direction issued by the Office for Students (OfS) in June 2018 (Regulatory Advice 9 – Accounts direction – OfS 2018.26). The University has early adopted one section of the OfS Accounts direction applicable to accounting periods beginning on or after 1 August 2019 (OfS 2019.41). This is paragraph 12d in relation to the calculation of the median salary.

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of some fixed assets and investments.

## 2. Basis of consolidation

The consolidated financial statements include the University and its main subsidiaries for the financial year to 31 July 2019. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

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

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

## 3. Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

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

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

## Grant funding

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

## Donations and endowments

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

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

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

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

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

## Capital grants

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

#### 4. Accounting for retirement benefits

The University participates in the Universities Superannuation Scheme (USS).

The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme.

Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

USS has a full valuation by professionally qualified independent actuaries every three years.

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

USPS is accounted for as a defined benefit scheme under FRS 102.

A small number of staff have joined other pension schemes:

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

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

#### Defined contribution schemes

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

#### Defined benefit schemes

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

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

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

#### Asset-backed funding of University of Sheffield Pension Scheme

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

#### 5. Employment benefits

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

## 6. Finance leases

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

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

## 7. Service concession arrangements

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

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

## 8. Operating leases

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

## 9. Foreign currency

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

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

## 10. Intangible fixed assets

Major systems development projects are capitalised as intangible assets only where there is material expenditure on a clearly identifiable system which is expected to be in use for an extended period. These assets would normally be depreciated on a straight line basis over five years.

## 11. Tangible fixed assets

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of a fixed asset may not be recoverable.

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

### Land and buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value. The University has a policy of ensuring an external revaluation takes place at regular intervals. In the intervening years between external valuations, the University carries out an internal assessment, using published information on market rentals and building cost indices, to ensure that the book values of its assets are not materially different from their fair values. Depreciation and impairment losses are subsequently charged on the revalued amount.

A valuation of academic, office, ancillary and support buildings was carried out as at 31st July 2019 by Gerald Eve LLP, Chartered Surveyors.

A valuation of the Student Village properties held as a service concession was carried out as at 31 July 2019 by Gerald Eve LLP, Chartered Surveyors.

A valuation of the University's owned halls of residence and other residential properties was carried out as at 31 July 2018 by valuers Saxton Mee Commercial.

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

Freehold land is not depreciated as it is considered to have an indefinite useful life.

For new build projects greater than £10 million and refurbishment projects greater than £5 million the project is split into the following components;

- Structure – 50 years
- Windows and Doors – 30 years
- Mechanical & Engineering – 25 years
- Industrial Kitchen and specialist lab furnishings – 25 years
- Finishes – 15 years

For assets that have not been componentised freehold buildings are depreciated on a straight line basis over their expected useful lives of up to a maximum of 50 years. Leasehold land and buildings are depreciated over the life of the lease up to a maximum of 50 years. Refurbishments are depreciated over their expected useful lives, up to a maximum of 20 years. Specialised short-life assets, for example synthetic sports pitches, are depreciated over their expected useful lives up to a maximum of seven years.

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

### **Equipment**

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

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

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

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

### **Borrowing costs**

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

### **Assets held for resale**

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

## **12. Heritage assets**

The University is in possession of a small number of artworks, a museum collection of glassware and a zoology collection. Many of these items have been donated to the University. The University conducted an independent valuation of heritage assets by Andrew Firth, Fine Art and Antiques Limited at 31 July 2008 which showed that the value of these items was not material, and accordingly no heritage assets have been capitalised.

## **13. Investment properties**

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

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

Investment properties are disclosed within fixed assets in note 12.

## **14. Investments**

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

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

## **15. Stock**

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

## **16. Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

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

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

Provisions are recognised in the financial statements when:

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

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

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

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

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

#### **18. Accounting for joint operations, jointly controlled assets and jointly controlled operations**

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

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

#### **19. Taxation**

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

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

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

Deferred tax is provided in full on timing differences that exist at the balance sheet date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the balance sheet date. Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

#### **20. Reserves**

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

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

#### **21. Accounting estimates and judgements**

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

1. The University participates in the Universities Superannuation Scheme (USS). Employers in this scheme have entered into an agreement with the scheme that determines how the employer will fund a USS pension deficit liability. Future deficit contributions are currently the subject of consultation, however the University has concluded that the current schedule of deficit contributions is appropriate to use as the basis of the provision for the year ended 31 July 2019.

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The University is satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

2. The University of Sheffield Pension Scheme (USPS) is accounted for as a defined benefit scheme. Pension costs under FRS 102, and the amount of the provision in the balance sheet, are based upon the latest actuarial valuation, and assumptions, including the appropriate discount rate, agreed by management following actuarial advice. These assumptions are detailed in Note 31.
3. The University's land and buildings are held at fair value. Valuations are carried out at regular intervals by professionally qualified external valuers. Management make judgements as to whether any indicators of impairment are present for these assets.
4. The provision for doubtful debts is based on an estimate of the recoverability of those debts.
5. In 2005-06 the University entered into a 41 year contract with a third party provider for the provision and maintenance of student accommodation. Under FRS 102 this arrangement has been accounted for as a service concession. The University's liability has been brought onto the balance sheet at a value based on the present value of the minimum lease payments. Payments made by the University to the third party provider are apportioned between the finance charge and repayment of the liability.
6. The University's liability for staff annual leave not taken as at the balance sheet date has been based on information available for staff who record their annual leave usage on the University's on-line system. This information has been extrapolated to obtain an estimate for all staff.

## 22. Financial instruments

The University has chosen to apply the provisions of sections 11 and 12 of FRS 102 in full. Financial assets and financial liabilities are recognised in the University's balance sheet when the University becomes a party to the contractual provisions of the instrument. A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Most of the University's financial assets and liabilities all meet the criteria for basic financial instruments prescribed within FRS 102. Basic financial assets and liabilities are measured as follows:

### Investments

Investments within the scope of Section 11 of FRS 102 (therefore excluding investments in subsidiaries, associates and joint ventures) are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment

is subsequently measured at fair value through the statement of comprehensive income). Subsequently, they are measured at fair value if the investment is publicly traded or their fair value can otherwise be measured reliably with the changes in fair value recognised in the statement of comprehensive income. All other investments are measured at cost less impairment.

### Debtors and creditors

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

### Loans

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

# Consolidated statement of comprehensive income and expenditure

Year ended 31 July 2019

	Notes	Year ended 31 July 2019		Year ended 31 July 2018	
		Consolidated £m	University £m	Consolidated £m	University £m
<b>Income</b>					
Tuition fees and education contracts	1	331.4	331.4	303.2	303.2
Funding body grants	2	86.1	86.1	83.4	83.4
Research grants and contracts	3	183.2	182.6	197.5	196.8
Other income	4	107.1	100.0	101.7	88.8
Investment income	5	2.3	2.4	1.7	1.8
Donations and endowments	6	5.6	5.6	4.3	4.3
<b>Total income</b>		<b>715.7</b>	<b>708.1</b>	<b>691.8</b>	<b>678.3</b>
<b>Expenditure</b>					
Staff costs - excluding USS	7	356.0	352.3	333.0	327.8
Staff costs - USS provision	7	129.9	129.9	(7.9)	(7.9)
Other operating expenses	9	222.9	219.9	212.4	208.9
Depreciation	12	93.4	93.3	80.7	80.5
Interest and other finance costs	8	16.4	16.4	18.6	18.5
<b>Total expenditure</b>	9	<b>818.6</b>	<b>811.8</b>	<b>636.8</b>	<b>627.8</b>
<b>(Deficit)/surplus before other gains/losses and share of operating surplus/(deficit) of joint ventures and associates.</b>		<b>(102.9)</b>	<b>(103.7)</b>	<b>55.0</b>	<b>50.5</b>
Gain/(Loss) on disposal of fixed assets		0.3	0.5	0.7	0.1
(Loss)/gain on investments	14/23	(1.5)	(2.1)	(0.3)	(0.7)
Share of operating surplus/(deficit) in joint venture	15	0.1	-	(0.4)	-
Share of operating surplus/(deficit) in associate	16	-	-	-	-
Gift Aid		-	1.8	-	5.3
Dividends received		-	-	-	-
<b>(Deficit)/surplus before tax</b>		<b>(104.0)</b>	<b>(103.5)</b>	<b>55.0</b>	<b>55.2</b>
Taxation	10	-	-	0.1	-
<b>(Deficit)/surplus for the year</b>		<b>(104.0)</b>	<b>(103.5)</b>	<b>55.1</b>	<b>55.2</b>
Unrealised surplus on revaluation of land and buildings	12	116.7	116.7	76.9	76.4
Actuarial (loss)/gain in respect of pension schemes	32	(43.0)	(43.0)	88.9	88.9
<b>Total comprehensive (expenditure)/income for the year</b>		<b>(30.3)</b>	<b>(29.8)</b>	<b>220.9</b>	<b>220.5</b>
Represented by:					
Endowment comprehensive income for the year		2.2	2.2	1.6	1.6
Restricted comprehensive (expenditure)/income for the year		(0.2)	(0.2)	(0.1)	(0.1)
Unrestricted comprehensive (expenditure)/income for the year		(131.9)	(131.3)	162.6	161.7
Revaluation reserve comprehensive income/(expenditure) for the year		99.5	99.5	56.9	57.3
Attributable to the University		(30.4)	(29.8)	221.0	220.5
Attributable to the non-controlling interest		0.1	-	(0.1)	-
		(30.3)	(29.8)	220.9	220.5
<b>(Deficit)/surplus for the year attributable to:</b>					
Non controlling interest		0.1	-	(0.1)	-
University		(104.1)	(103.5)	55.2	55.2

All items of income and expenditure relate to continuing activities

An analysis of the income and expenditure account can be found within the Report of the Treasurer (page 8).

# Consolidated and university statement of changes in reserves

Year ended 31 July 2019

	Income and expenditure account			Revaluation reserve	Total excluding Non Controlling Interest	Non controlling interest	Total
	Endowment	Restricted	Unrestricted				
	£m	£m	£m	£m	£m	£m	£m
<b>Consolidated</b>							
<b>Balance at 1 August 2017</b>	<b>42.2</b>	<b>3.6</b>	<b>308.3</b>	<b>483.4</b>	<b>837.5</b>	<b>0.1</b>	<b>837.6</b>
Surplus/(deficit) from the income and expenditure statement	1.6	2.3	51.3	–	55.2	(0.1)	55.1
Other comprehensive income	–	–	91.4	74.4	165.8	–	165.8
Transfers between revaluation and income and expenditure reserve	–	–	17.0	(17.0)	–	–	–
Release of restricted funds spent in year	–	(2.4)	2.4	–	–	–	–
<b>Total comprehensive income for the year</b>	<b>1.6</b>	<b>(0.1)</b>	<b>162.1</b>	<b>57.4</b>	<b>221.0</b>	<b>(0.1)</b>	<b>220.9</b>
<b>Balance at 1 August 2018</b>	<b>43.8</b>	<b>3.5</b>	<b>470.4</b>	<b>540.8</b>	<b>1,058.5</b>	<b>–</b>	<b>1,058.5</b>
Surplus/(deficit) from the income and expenditure statement	2.2	2.2	(108.5)	–	(104.1)	0.1	(104.0)
Other comprehensive income	–	–	(44.0)	117.7	73.7	–	73.7
Transfers between revaluation and income and expenditure reserve	–	–	18.2	(18.2)	–	–	–
Release of restricted funds spent in year	–	(2.4)	2.4	–	–	–	–
<b>Total comprehensive expenditure for the year</b>	<b>2.2</b>	<b>(0.2)</b>	<b>(131.9)</b>	<b>99.5</b>	<b>(30.4)</b>	<b>0.1</b>	<b>(30.3)</b>
<b>Balance at 31 July 2019</b>	<b>46.0</b>	<b>3.3</b>	<b>338.5</b>	<b>640.3</b>	<b>1,028.1</b>	<b>0.1</b>	<b>1,028.2</b>
<b>University</b>							
<b>Balance at 1 August 2017</b>	<b>42.2</b>	<b>3.6</b>	<b>309.6</b>	<b>482.1</b>	<b>837.5</b>	<b>–</b>	<b>837.5</b>
Surplus/(deficit) from the income and expenditure statement	1.6	2.3	51.2	–	55.1	–	55.1
Other comprehensive (expenditure)/income	–	–	91.5	73.9	165.4	–	165.4
Transfers between revaluation and income and expenditure reserve	–	–	16.6	(16.6)	–	–	–
Release of restricted funds spent in year	–	(2.4)	2.4	–	–	–	–
<b>Total comprehensive income for the year</b>	<b>1.6</b>	<b>(0.1)</b>	<b>161.7</b>	<b>57.3</b>	<b>220.5</b>	<b>–</b>	<b>220.5</b>
<b>Balance at 1 August 2018</b>	<b>43.8</b>	<b>3.5</b>	<b>471.3</b>	<b>539.4</b>	<b>1,058.0</b>	<b>–</b>	<b>1,058.0</b>
Surplus/(deficit) from the income and expenditure statement	2.2	2.2	(107.9)	–	(103.5)	–	(103.5)
Other comprehensive (expenditure)/income	–	–	(44.0)	117.7	73.7	–	73.7
Transfers between revaluation and income and expenditure reserve	–	–	18.2	(18.2)	–	–	–
Release of restricted funds spent in year	–	(2.4)	2.4	–	–	–	–
<b>Total comprehensive expenditure for the year</b>	<b>2.2</b>	<b>(0.2)</b>	<b>(131.3)</b>	<b>99.5</b>	<b>(29.8)</b>	<b>–</b>	<b>(29.8)</b>
<b>Balance at 31 July 2019</b>	<b>46.0</b>	<b>3.3</b>	<b>340.0</b>	<b>638.9</b>	<b>1,028.2</b>	<b>–</b>	<b>1,028.2</b>

# Consolidated and university balance sheet as at 31 July 2019

Year ended 31 July 2019

	Notes	As at 31 July 2019		As at 31 July 2018	
		Consolidated £m	University £m	Consolidated £m	University £m
<b>Non-current assets</b>					
Intangible assets	11	9.5	9.5	5.6	5.5
Fixed assets	12	1,463.1	1,461.6	1,337.9	1,336.2
Investments	14	8.9	46.4	12.0	49.6
Investment in joint venture	15	(0.2)	–	(0.3)	–
Investments in associate	16	–	–	–	–
Debtors and prepayments due in more than one year	17	0.4	27.9	0.3	31.6
		<b>1,481.7</b>	<b>1,545.4</b>	<b>1,355.5</b>	<b>1,422.9</b>
<b>Current assets</b>					
Stock		1.3	0.4	1.2	0.4
Trade and other receivables	18	82.5	82.7	81.8	84.4
Investments	19	40.9	40.9	38.5	38.5
Cash and cash equivalents	25	89.8	82.9	74.8	63.8
		<b>214.5</b>	<b>206.9</b>	<b>196.3</b>	<b>187.1</b>
Less: Creditors: amounts falling due within one year	20	(203.5)	(203.4)	(193.7)	(192.6)
Share of net liabilities in associate		–	–	–	–
<b>Net current assets/(liabilities)</b>		<b>11.0</b>	<b>3.5</b>	<b>2.6</b>	<b>(5.5)</b>
<b>Total assets less current liabilities</b>		<b>1,492.7</b>	<b>1,548.9</b>	<b>1,358.1</b>	<b>1,417.4</b>
Creditors: amounts falling due after more than one year	21	(171.6)	(227.9)	(178.9)	(238.7)
<b>Provisions</b>					
Pension provisions	22	(292.7)	(292.7)	(120.6)	(120.6)
Other provisions	22	(0.2)	(0.1)	(0.2)	(0.1)
<b>Total net assets</b>		<b>1,028.2</b>	<b>1,028.2</b>	<b>1,058.4</b>	<b>1,058.0</b>
<b>Restricted Reserves</b>					
Income and expenditure reserve - endowment reserve	23	46.0	46.0	43.8	43.8
Income and expenditure reserve - restricted reserve	24	3.3	3.3	3.5	3.5
<b>Unrestricted Reserves</b>					
Income and expenditure reserve - unrestricted		338.6	340.0	470.4	471.3
Revaluation reserve		640.2	638.9	540.7	539.4
		<b>1,028.1</b>	<b>1,028.2</b>	<b>1,058.4</b>	<b>1,058.0</b>
Non-controlling interest		0.1	–	–	–
<b>Total Reserves</b>		<b>1,028.2</b>	<b>1,028.2</b>	<b>1,058.4</b>	<b>1,058.0</b>

The financial statements on pages 36 to 66 were approved by the Council on 25 November 2019 and were signed on its behalf by:

Mr. A. P. Pedder OBE, Chair and Pro-Chancellor

Professor K. Lamberts, President and Vice-Chancellor

The University of Sheffield

# Consolidated statement of cash flow

Year ended 31 July 2019

		Year ended 31 July 2019	Year ended 31 July 2018
	Notes	£m	£m
<b>Cash flow from operating activities</b>			
(Deficit)/surplus for the year		(104.0)	55.1
<b>Adjustment for non-cash items</b>			
Depreciation	12	93.4	80.7
Amortisation of intangibles	11	–	–
Loss on investments	14,23	2.2	0.3
Increase in stock		(0.2)	(0.2)
(Increase)/decrease in debtors	17,18	(0.7)	1.9
Increase in creditors	20	6.9	2.0
Increase/(decrease) in pension provision	22	129.2	(4.9)
Decrease in other provisions	22	–	(0.1)
Share of operating (surplus)/deficit in joint venture	15	(0.1)	0.4
Share of operating (surplus)/deficit in associate		–	–
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(2.3)	(1.7)
Interest payable	8	16.4	18.5
Endowment income		(0.9)	(0.6)
Profit on the sale of fixed assets		(0.3)	(0.4)
Loss/(gain) on disposal of current assets		–	–
Capital grant income		(37.6)	(52.0)
<b>Net cash inflow from operating activities</b>		<b>102.0</b>	<b>99.0</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		0.6	3.4
Proceeds from sales of intangible assets		–	–
Capital grants receipts		37.6	52.0
Disposal of non-current asset investments		–	–
Exchange gain on current asset investments		–	–
Investment income	5	2.3	1.7
Payments made to acquire fixed assets	12	(102.1)	(98.6)
Payments made to acquire intangible assets	11	(4.1)	–
New non-current asset investments		(0.2)	–
New deposits		(1.3)	(0.2)
		(67.2)	(41.7)
<b>Cash flows from financing activities</b>			
Interest paid	8	(7.2)	(9.6)
Interest element of finance lease and service concession payments	8	(9.2)	(9.0)
Endowment cash received		0.9	0.6
New unsecured loans		2.0	0.5
Repayments of amounts borrowed		(2.9)	(2.7)
Capital element of finance lease and service concession payments		(3.4)	(3.5)
		(19.8)	(23.7)
<b>Increase in cash and cash equivalents in the year</b>		<b>15.0</b>	<b>33.6</b>
Cash and cash equivalents at beginning of the year	25	74.8	41.2
Cash and cash equivalents at end of the year	25	89.8	74.8

# Notes to the accounts

## Note 1 Tuition fees and education contracts

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
Full-time home and EU undergraduate students	132.7	132.7	134.8	134.8
Full-time home and EU postgraduate students	12.3	12.3	12.0	12.0
International students	149.0	149.0	128.8	128.8
Home and EU part-time students	3.7	3.7	3.9	3.9
NHS education contracts	4.7	4.7	6.1	6.1
Research Training Support Grant and other contracts	29.0	29.0	17.6	17.6
	<b>331.4</b>	<b>331.4</b>	<b>303.2</b>	<b>303.2</b>

## Note 2 Funding body grants

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
<b>Recurrent grant</b>				
Higher Education Funding Council	-	-	45.6	45.6
Office for Students	24.1	24.1	5.9	5.9
UK Research and Innovation (Research-England)	42.7	42.7	14.8	14.8
Capital grant	8.7	8.7	8.1	8.1
<b>Specific grants</b>				
Higher Education Innovation Fund	4.3	4.3	3.3	3.3
Global Challenge Research Fund	1.6	1.6	1.3	1.3
Other specific grants	4.7	4.7	4.4	4.4
	<b>86.1</b>	<b>86.1</b>	<b>83.4</b>	<b>83.4</b>

## Note 3 Research grants and contracts

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
Government UK and overseas	75.6	75.6	93.3	93.3
Research Councils	61.2	61.2	60.2	60.2
Research charities	15.0	15.0	12.8	12.8
Industry and commerce	28.3	28.3	27.0	27.0
Other grants and contracts	3.1	2.5	4.2	3.5
	<b>183.2</b>	<b>182.6</b>	<b>197.5</b>	<b>196.8</b>

## Note 4 Other income

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
Residences, catering and conferences	38.9	36.5	38.2	35.5
Other services rendered	36.3	36.3	28.9	28.9
Health Authorities	10.0	10.0	8.6	8.6
Capital grants	0.4	0.4	0.5	0.5
Other income	21.5	16.8	25.5	15.3
	<b>107.1</b>	<b>100.0</b>	<b>101.7</b>	<b>88.8</b>

# Notes to the accounts

## Note 5 Investment income

	Notes	Year ended 31 July 2019		Year ended 31 July 2018	
		Consolidated £m	University £m	Consolidated £m	University £m
Investment income on endowments	23	1.2	1.2	1.1	1.1
Other investment income		1.1	1.2	0.6	0.7
		<b>2.3</b>	<b>2.4</b>	<b>1.7</b>	<b>1.8</b>

## Note 6 Donations and endowments

	Notes	Year ended 31 July 2019		Year ended 31 July 2018	
		Consolidated £m	University £m	Consolidated £m	University £m
New endowments	23	0.9	0.9	0.6	0.6
Donations with restrictions		1.8	1.8	1.6	1.6
Unrestricted donations		2.9	2.9	2.1	2.1
		<b>5.6</b>	<b>5.6</b>	<b>4.3</b>	<b>4.3</b>

## Note 7 Staff costs

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
<b>Staff Costs:</b>				
Salaries	265.5	262.4	249.4	244.3
Social security costs	26.4	26.1	24.2	24.1
Movement on USS provision	129.9	129.9	(7.9)	(7.9)
Other pension costs	63.8	63.8	59.4	59.4
Total	<b>485.9</b>	<b>482.2</b>	<b>325.1</b>	<b>319.9</b>

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated Full-time equivalents	University Full-time equivalents	Consolidated Full-time equivalents	University Full-time equivalents
<b>Staff numbers:</b>				
Academic	2,679	2,679	2,568	2,568
Academic services	977	977	989	989
Central administration and services	553	553	482	482
Premises	498	498	520	520
Research grants and contracts	1,523	1,516	1,407	1,403
Other external	573	476	506	405
Residences, catering and conferences	231	113	223	122
Staff and student facilities	242	242	213	213
	<b>7,276</b>	<b>7,054</b>	<b>6,908</b>	<b>6,702</b>

### Higher Education Senior Staff Remuneration Code:

The University of Sheffield is committed to transparency in its approach to the remuneration of its senior leadership team, including its President and Vice-Chancellor and is fully committed to the new Higher Education Senior Staff Remuneration Code which sets out principles to ensure fair and appropriate senior remuneration. The University's annual Remuneration Report and Statement as required by the Higher Education Senior Staff Remuneration Code is available at <https://www.sheffield.ac.uk/govern/committees/senior-remuneration>.

# Notes to the accounts

## Note 7 Staff costs (continued)

Number of staff with a University funded FTE basic salary of £100,000 or more:

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated Number	University Number	Consolidated Number	University Number
£100,000 to £104,999	14	14	11	11
£105,000 to £109,999	13	13	10	10
£110,000 to £114,999	3	3	2	2
£115,000 to £119,999	5	5	7	6
£120,000 to £124,999	3	3	2	2
£125,000 to £129,999	2	2	3	3
£130,000 to £134,999	6	6	3	3
£135,000 to £139,999	2	2	1	1
£140,000 to £144,999	2	2	2	2
£145,000 to £149,999	2	2	3	3
£150,000 to £154,999	4	4	3	3
£155,000 to £159,999	3	3	3	3
£160,000 to £164,999	2	2	–	–
£165,000 to £169,999	–	–	–	–
£170,000 to £174,999	–	–	–	–
£175,000 to £179,999	–	–	–	–
£180,000 to £184,999	–	–	–	–
	<b>61</b>	<b>61</b>	<b>50</b>	<b>49</b>

### Remuneration of the President and Vice-Chancellor

		Year ended 31 July 2019		Year ended 31 July 2018	
		Professor K Lamberts	Professor Sir K Burnett	Total	Total
		£	£	£	£
Salary	i	213,750	58,781	272,531	345,770
Payments in lieu of pension contributions			8,523	8,523	50,137
Bonus			24,688	24,688	34,577
Employer USS pension contributions	ii	52,060		52,060	–
Employer USS deficit recovery contribution			1,234	1,234	7,261
Salary sacrifice		(12,160)		(12,160)	–
Other Taxable Benefits:					
University provided accommodation	iii	732	149	881	1,480
Private medical insurance			315	315	1,867
Other Non-taxable Benefits					
University provided accommodation	iv	6,120	2,448	8,568	14,688
Relocation Costs		2,378	–	2,378	–
		<b>262,880</b>	<b>96,138</b>	<b>359,018</b>	<b>455,780</b>

i Professor Sir Keith Burnett retired on 30 September 2018. His successor, Professor Koen Lamberts joined the University on 1 November 2018. The remuneration for 2018/19 therefore includes two months' earnings for Professor Sir Keith Burnett and nine months' earnings for Professor Koen Lamberts.

The full time equivalent basic salary for 12 months for Professor Sir Keith Burnett would have been £352,685 and total remuneration of £453,390. The full time equivalent basic salary for 12 months for Professor Koen Lamberts would have been £285,000 and total remuneration of £346,955.

ii Employer USS contributions include the salary sacrifice employee contribution which is paid by the employer.

iii Utility costs to 31 March 2019.

iv Opportunity cost of University provided accommodation to 31 March 2019.

# Notes to the accounts

## Note 7 Staff costs (continued)

The Senior Remuneration Committee is responsible for reviewing the performance and determining the remuneration of the University's Executive Board, including the President & Vice-Chancellor. The Committee is independent, consisting of lay members of Council and chaired by the Chair of Council. In line with the principles of the HE Senior Staff Remuneration Code, the Chair is assumed by another lay member when any decision on the remuneration of the President and Vice-Chancellor is made. The members of the Senior Remuneration Committee bring a wealth and breadth of remuneration expertise from different sectors. They take into account the University's progress, independent job evaluation using Hay methodology, external benchmarking data, individual performance and other information to help determine senior levels of pay.

Professor Sir Keith Burnett retired on 30 September 2018. His successor, Professor Koen Lamberts joined the University on 1 November 2018, when the University published details of his remuneration at: <https://www.sheffield.ac.uk/govern/committees/vc-remuneration-statement>

The President & Vice-Chancellor's salary continues to reflect the size, scale and complexity of the organisation which has more than 29,000 students and over 8,700 staff. The university has an annual turnover of £716 million and strategic partnerships with many stakeholders, including local, national and global organisations. In addition to his role as President & Vice-Chancellor, Professor Koen Lamberts is a respected leader in education nationally and internationally, and represents the University and the sector with a number of external leadership roles including holding the Chair of UKCISA's Board of Trustee and is the Deputy Chair and board member of the Russell Group and Director: <https://www.sheffield.ac.uk/vc/biography>

The performance of the President & Vice-Chancellor is formally reviewed annually in line with institutional and individual objectives set and agreed at the beginning of the academic year by both the Senior Remuneration Committee and the University's Council.

### Pay multiples

Pay ratios show the relationship between the President and Vice Chancellor's remuneration and all other employees (University and subsidiary), expressed as a multiple.

The total salary multiple includes: basic full-time equivalent pay at 31 July 2019 plus the total value of the following paid in the financial year: Allowances, bonus, employer pension contributions, overtime, benefits in kind, non-taxable benefits (paid to the President and Vice Chancellor) and recognition awards.

For 2018/19 the salaries of atypical employees/workers paid through the University's payroll are included in the pay multiple (early adoption of OfS accounts direction (OfS 2019.41 para. 12d)). The pay rates for the University's atypical workforce are in line with the University's grading structure. Atypical workers typically work in a variety of roles, attracting different pay rates and are normally for one-off or irregular assignments. External agency staff are excluded.

### Basic salary

In 2018/19 the basic salary of the current President and Vice-Chancellor (Professor Koen Lamberts) was 9.1 times greater than the median basic salary of all other employees (including externally funded salaries) and 10.2 times greater than the median basic salary of all other employees (excluding externally funded salaries).

Excluding atypical staff the basic salary of the President and Vice Chancellor was 8.6 times greater than the median basic salary of all other employees (including externally funded salaries) and 9.1 times greater than the median basic salary of all other employees (excluding externally funded salaries).

### Total salary

In 2018/19 the total salary of the current President and Vice-Chancellor (Professor Koen Lamberts) was 9.9 times greater than the median total salary of all other employees (including externally funded salaries) and 11.1 times greater than the median total salary of all other employees (excluding externally funded salaries).

Excluding atypical staff the basic salary of the President and Vice Chancellor was 9.1 times greater than the median basic salary of all other employees (including externally funded salaries) and 9.6 times greater than the median basic salary of all other employees (excluding externally funded salaries).

Note: In 2018/19 the previous President and Vice Chancellor (Professor Sir Keith Burnett) had a basic salary 11.3 times greater than the median basic salary of all other employees (including externally funded salaries) and 12.7 times greater than the median basic salary of all other employees (excluding externally funded salaries). His total remuneration was 13.0 times greater than the median total salary of all other employees (including internally funded salaries) and 14.5 times greater than the median total salary of all other employees (excluding externally funded salaries).

Excluding atypical staff, the previous President and Vice Chancellor (Professor Sir Keith Burnett) had a basic salary 10.6 times greater than the median basic salary of all other employees (including externally funded salaries) and 11.3 times greater than the median basic salary of all other employees (excluding externally funded salaries). His total remuneration was 12.0 times greater than the median total salary of all other employees (including internally funded salaries) and 12.6 times greater than the median total salary of all other employees (excluding externally funded salaries).

### 2017/18 Comparatives

In 2017/18, the salaries of atypical employees/workers and agency workers were not included in the pay multiples. The OfS accounts direction (OfS 2018.26) allowed a comply or explain approach and this was adopted in the audited financial statements for the year ended 31 July 2018.

### Basic salary

In 2017/18 the basic salary of the President and Vice-Chancellor was 10.6 times greater than the median basic salary of all other employees (including externally funded salaries) and 11.6 times greater than the median basic salary of all other employees (excluding externally funded salaries).

### Total salary

In 2017/18 the total salary of the President and Vice-Chancellor was 12.3 times greater than the median total salary of all other employees (including externally funded salaries) and 13.5 times greater than the median total salary of all other employees (excluding externally funded salaries).

# Notes to the accounts

## Note 7 Staff costs (continued)

### Compensation for loss of office

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
Total amount of compensation payable	1.5	1.5	1.0	1.0
	Number	Number	Number	Number
Number of staff to whom this was payable	190	187	143	139

### Key management personnel

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

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

Note that compensation consist of salary and benefits, including any employer's pension contributions.

	Year Ended 31 July 2019 £m	Year Ended 31 July 2018 £m
Key management personnel compensation	2.4	2.4

### Council members

No council member has received any remuneration or waived payments from the group during the year (2018 - none). Expenses paid to Council members are disclosed in note 9.

## Note 8 Interest and other finance costs

	Notes	Year ended 31 July 2019		Year ended 31 July 2018	
		Consolidated £m	University £m	Consolidated £m	University £m
Loan interest		4.2	4.2	4.4	4.3
Finance lease interest (including service concession finance charge)	13	9.3	9.3	9.2	9.2
Interest cost from USS provision		1.3	1.3	1.3	1.3
Net interest cost on University of Sheffield Pension Scheme	31	1.6	1.6	3.7	3.7
		16.4	16.4	18.6	18.5

# Notes to the accounts

## Note 9 Analysis of total expenditure

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
<b>Analysis of other operating expenses</b>				
Consumables and laboratory expenditure	19.2	18.7	17.7	17.4
Books and periodicals	6.9	6.9	6.8	6.8
Printing, stationery and postage	3.5	3.5	3.6	3.6
Rates	2.5	2.1	2.4	2.0
Fellowships, scholarships and prizes	35.9	35.9	34.1	34.0
Furniture and equipment	20.2	20.2	19.3	19.3
Heat, light, water and power	15.2	14.6	13.8	13.4
Repairs and general maintenance	11.5	11.1	10.6	10.5
Grants to University of Sheffield Students' Union	3.6	3.6	3.5	3.5
Rents	16.7	16.7	14.8	14.4
Auditors' remuneration	0.1	0.1	0.1	0.1
Auditors' remuneration in respect of non-audit services	0.1	0.1	0.1	0.1
Professional fees and bought in services	43.2	43.2	37.2	37.2
Provision for bad & doubtful debts	(0.3)	(0.3)	(0.1)	(0.2)
Administrative expenses	10.7	10.7	8.6	8.6
Travel & subsistence expenses	14.0	13.9	13.7	13.6
Payments to non-contracted staff	3.3	3.3	7.7	7.7
Conference and meeting expenditure	2.4	2.4	2.3	2.3
Professional subscriptions	2.3	2.3	2.7	2.7
Student placement fees	1.7	1.7	2.0	2.0
Other expenses	10.2	9.2	11.5	9.9
	<b>222.9</b>	<b>219.9</b>	212.4	208.9

Travel and subsistence includes expenses paid to 6 Council members of £1,487 (2018: £4,746 to 6 Council members) in respect of their duties as Council members.

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

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
<b>Analysis of total expenditure by activity</b>				
Academic departments	237.3	237.3	218.3	218.3
Academic services	52.1	52.1	46.4	46.4
Central administration and services	27.0	27.0	26.5	26.5
General Educational expenditure	37.6	37.6	34.5	34.5
Staff and student facilities	14.1	14.1	13.7	13.7
Research grants and contracts	130.9	130.9	127.2	127.2
Residences, catering and conferences	45.7	45.6	45.0	43.5
Premises (including service concession cost)	88.9	88.9	81.2	81.2
Other expenses	185.0	178.3	44.0	36.5
	<b>818.6</b>	<b>811.8</b>	636.8	627.8

Other expenses include staff costs in respect of the USS pension scheme provision.

# Notes to the accounts

## Note 10 Taxation

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
<b>Recognised in the statement of comprehensive income</b>				
Current tax expense	-	-	-	-
Deferred tax expense	-	-	(0.1)	-
Total tax expense	-	-	(0.1)	-

## Note 11 Intangible assets

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
<b>Software</b>				
Opening balance	5.6	5.5	2.2	2.1
Additions in the year	4.0	4.0	3.4	3.4
Disposals in the year	(0.1)	-	-	-
Closing balance	9.5	9.5	5.6	5.5

The addition during the year relates to the development of a software intangible asset. Once complete, the amortisation period for this asset will be 5 years.

# Notes to the accounts

## Note 12 Fixed assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Service concession arrangement (Note 13)	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£m	£m	£m	£m	£m	£m
<b>Group</b>						
<b>Cost or valuation</b>						
At 1 August 2018	960.8	35.5	240.5	270.4	78.1	1,585.3
Additions	11.9	-	-	30.2	60.0	102.1
Transfers	16.3	-	-	8.5	(24.8)	-
Surplus on revaluation	104.0	6.3	-	-	-	110.3
Loss on revaluation	(42.1)	(2.3)	(17.7)	-	-	(62.1)
Disposals	-	-	-	(7.2)	-	(7.2)
<b>At 31 July 2019</b>	<b>1,050.9</b>	<b>39.5</b>	<b>222.8</b>	<b>301.9</b>	<b>113.3</b>	<b>1,728.4</b>
<b>Consisting of:</b>						
Valuation	860.8	30.6	59.1	-	-	950.5
Cost	190.1	8.9	163.7	301.9	113.3	777.9
	<b>1,050.9</b>	<b>39.5</b>	<b>222.8</b>	<b>301.9</b>	<b>113.3</b>	<b>1,728.4</b>
<b>Depreciation</b>						
At 1 August 2018	31.3	1.6	6.7	207.8	-	247.4
Charge for the year	41.5	4.1	6.7	34.0	-	86.3
Impairment write down	6.7	-	0.3	-	-	7.0
Impairment of Investment properties	1.0	-	-	-	-	1.0
Written back on revaluation	(52.6)	(3.1)	(13.7)	-	-	(69.4)
Disposals	-	-	-	(7.0)	-	(7.0)
<b>At 31 July 2019</b>	<b>27.9</b>	<b>2.6</b>	<b>-</b>	<b>234.8</b>	<b>-</b>	<b>265.3</b>
<b>Net book value</b>						
<b>At 31 July 2019</b>	<b>1,023.0</b>	<b>36.9</b>	<b>222.8</b>	<b>67.1</b>	<b>113.3</b>	<b>1,463.1</b>
At 31 July 2018	929.5	33.9	233.8	62.6	78.1	1,337.9
<b>University</b>						
<b>Cost or valuation</b>						
At 1 August 2018	959.2	35.5	240.5	268.9	78.1	1,582.2
Additions	11.9	-	-	30.2	60.0	102.1
Transfers	16.3	-	-	8.5	(24.8)	-
Surplus on revaluation	104.0	6.3	-	-	-	110.3
Loss on revaluation	(42.1)	(2.3)	(17.7)	-	-	(62.1)
Disposals	-	-	-	(6.5)	-	(6.5)
<b>At 31 July 2019</b>	<b>1,049.3</b>	<b>39.5</b>	<b>222.8</b>	<b>301.1</b>	<b>113.3</b>	<b>1,726.0</b>
<b>Consisting of:</b>						
Valuation	860.8	30.6	59.1	-	-	956.5
Cost	188.5	8.9	163.7	301.1	113.3	775.5
	<b>1,049.3</b>	<b>39.5</b>	<b>222.8</b>	<b>301.1</b>	<b>113.3</b>	<b>1,726.0</b>
<b>Depreciation</b>						
At 1 August 2018	31.0	1.6	6.7	206.7	-	246.0
Charge for the year	41.5	4.1	6.7	34.0	-	86.3
Impairment write down	6.7	-	0.3	-	-	7.0
Impairment of Investment properties	1.0	-	-	-	-	1.0
Written back on revaluation	(52.6)	(3.1)	(13.7)	-	-	(69.4)
Disposals	-	-	-	(6.5)	-	(6.5)
<b>At 31 July 2019</b>	<b>27.6</b>	<b>2.6</b>	<b>-</b>	<b>234.2</b>	<b>-</b>	<b>264.4</b>
<b>Net book value</b>						
<b>At 31 July 2019</b>	<b>1,021.7</b>	<b>36.9</b>	<b>222.8</b>	<b>66.9</b>	<b>113.3</b>	<b>1,461.6</b>
At 31 July 2018	928.2	33.9	233.8	62.2	78.1	1,336.2

At 31 July 2019, freehold land and buildings included £21.6m (2018 - £24.2m) in respect of freehold land which is not depreciated.

In addition two investment properties valued in total at £6.6m (2018 - £7.7m) were included above.

A valuation of the University's Academic and Administration buildings was carried out as at 31 July 2019 by external valuer Gerald Eve LLP.

A valuation of the University's residential property held under a service concession arrangement was carried out as at 31 July 2019 by external valuer Gerald Eve LLP.

# Notes to the accounts

## Note 13 Service concession arrangements

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

### Movement in Service concession arrangement assets

The asset value of the service concession included in the Balance Sheet as at 31/07/2019 is £222.8m (31/07/2018: £233.8m). The decrease of £11m in the year is calculated as follows:

	£m
Opening balance	233.8
Depreciation in the year	(6.7)
Impairments in the year	(0.3)
Writeback of depreciation on valuation	13.7
Loss on revaluation	(17.7)
Closing balance	<b>222.8</b>

### Movement in Service concession arrangement liabilities

The total liabilities relating to the service concession included in the Balance Sheet as at 31/07/2019 were £105.3m (31/07/2018 £108.8m). The sum of £3.5m was repaid during the year.

### Future commitments

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

	Payable in 1 year	Payable in 2-5 years	Payable in more than 5 years	Total
	£m	£m	£m	£m
Liability repayments	3.5	11.9	89.9	105.3
Finance charge	5.4	20.2	60.6	86.2
Service charge	5.5	25.5	198.4	229.4
	<b>14.4</b>	<b>57.6</b>	<b>348.9</b>	<b>420.9</b>

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

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

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

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

## Note 14 Non-current investments

	Subsidiary companies	Subsidiary investment in spinouts	Other fixed assets investments	Total
	£m	£m	£m	£m
<b>Consolidated</b>				
<b>At 1 August 2018</b>	–	–	12.0	<b>12.0</b>
Additions	–	–	0.2	<b>0.2</b>
Disposals	–	–	–	–
Other net gains/(losses)	–	–	(0.1)	<b>(0.1)</b>
Appreciation	–	–	0.2	<b>0.2</b>
Exchange movements	–	–	–	–
Impairment	–	–	(3.4)	<b>(3.4)</b>
<b>At 31 July 2019</b>	–	–	<b>8.9</b>	<b>8.9</b>
<b>University</b>				
<b>At 1 August 2018</b>	4.9	–	44.7	<b>49.6</b>
Additions	–	–	0.2	<b>0.2</b>
Disposals	–	–	–	–
Appreciation	–	–	0.2	<b>0.2</b>
Exchange movements	–	–	–	–
Impairment	(0.2)	–	(3.4)	<b>(3.6)</b>
<b>At 31 July 2019</b>	<b>4.7</b>	–	<b>41.7</b>	<b>46.4</b>

Investments that are listed are held at fair value.

# Notes to the accounts

## Note 15 Investment in joint venture

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

	Year ended 31 July 2019		Year ended 31 July 2018	
	£m	£m	£m	£m
<b>Income and expenditure account</b>				
Income		7.0		4.2
Deficit before tax		0.1		(0.4)
<b>Balance sheet</b>				
Fixed assets	0.2		0.2	
Current assets	3.1		1.3	
		3.3		1.5
Creditors: amounts due within one year	(3.0)		(1.2)	
Creditors: amounts due after more than one year	(0.5)		(0.6)	
		(3.5)		(1.8)
<b>Share of net liabilities</b>		(0.2)		(0.3)

## Note 16 Investment in associates

The University has holdings in the following companies:

Company	%	Principal Activity
Blastech Ltd	24.9%	Blast, impact and ballistic testing services
Conteque Ltd	24.9%	Novel reinforcement systems for structural concrete
Enactus Sheffield Limited	*	Social enterprise company
Leonardo Testing Services Ltd	33.3%	Testing services for research and development
High Value Manufacturing Catapult	*	Grants management
IFRF Limited	*	Non profit research
Keapstone Therapeutics Ltd	33.3%	Virtual Biotechnology
Knowledge Now Ltd	37.6%	Semantic based solutions for knowledge sharing
Knowledge Flo Ltd	45.0%	Holding company
Limit State Ltd	25.0%	Computational limit analysis and software design
Redbrick Molecular Limited	*	Chemistry research and development
Rinri Therapeutics Limited	25.7%	Research and experimental development on biotechnology

\* Limited by guarantee

All companies are incorporated in Great Britain.

## Note 17 Debtors and prepayments due in more than one year

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
Amounts falling due in more than one year:				
Prepayment: ABF lease	–	27.5	–	31.2
Loans to Group companies	0.3	0.3	0.3	0.4
Loans to other companies	0.1	0.1	–	–
	0.4	27.9	0.3	31.6

# Notes to the accounts

## Note 18 Trade and other receivables

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
Amounts falling due within one year:				
Research grants accrued income	24.6	24.6	24.4	24.4
Prepayments and other accrued income	26.0	25.5	33.8	33.4
Other receivables	31.8	32.5	23.6	22.5
Amounts due from subsidiary companies	0.1	0.1	–	4.1
	<b>82.5</b>	<b>82.7</b>	<b>81.8</b>	<b>84.4</b>

## Note 19 Current investments

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
Short term investment in shares	40.9	40.9	38.5	38.5
Short term bonds	–	–	–	–
Short term deposits	–	–	–	–
	<b>40.9</b>	<b>40.9</b>	<b>38.5</b>	<b>38.5</b>

## Note 20 Creditors: amounts falling due within one year

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
Bank loans	2.7	2.7	2.8	2.8
Secured loans	–	–	–	–
Unsecured loans	0.2	0.2	0.1	0.1
Obligations under finance leases	–	3.7	–	3.6
Service concession arrangements (note 13)	3.5	3.5	3.5	3.5
Trade payables	13.4	12.7	17.5	17.0
Social security and other taxation payable	7.3	7.2	8.1	7.9
Accruals and deferred income	144.7	143.3	131.2	129.9
Other creditors	31.7	30.1	30.5	27.8
	<b>203.5</b>	<b>203.4</b>	<b>193.7</b>	<b>192.6</b>

### Deferred income

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

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
Research grants received on account	46.0	46.0	45.7	45.7
Other income	21.4	21.4	37.5	37.5
	<b>67.4</b>	<b>67.4</b>	<b>83.2</b>	<b>83.2</b>

# Notes to the accounts

## Note 21 Creditors: amounts falling due after more than one year

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
Service concession liabilities due after one year	101.8	101.8	105.3	105.3
Obligations under finance lease	–	56.3	–	60.0
Long term creditor	0.4	0.4	0.6	0.4
Deferred income	1.5	1.5	4.2	4.2
Bank and other loans	8.1	8.1	9.0	9.0
Private placement	59.8	59.8	59.8	59.8
	<b>171.6</b>	<b>227.9</b>	<b>178.9</b>	<b>238.7</b>
Analysis of loans, private placement and finance lease				
<b>Due within one year or on demand (Note 20)</b>	<b>2.9</b>	<b>6.7</b>	<b>2.9</b>	<b>6.7</b>
Due between one and two years	3.2	7.0	2.9	6.6
Due between two and five years	4.5	16.4	8.1	19.8
Due in five years or more	60.2	100.7	57.8	102.4
<b>Due after more than one year</b>	<b>67.9</b>	<b>124.1</b>	<b>68.8</b>	<b>128.9</b>
<b>Total unsecured loans and finance leases</b>	<b>70.8</b>	<b>130.8</b>	<b>71.7</b>	<b>134.4</b>
Unsecured loans repayable by 2047	70.8	70.8	71.7	71.7
	<b>70.8</b>	<b>70.8</b>	<b>71.7</b>	<b>71.7</b>

Included in loans and private placement are the following:

Lender	Amount £m	Term	Interest rate %	Borrower	Date
Unifund Plc	59.8	40 years - bullet repayment	5.33 - Fixed	University	31 May 2007
Scottish Widows Ltd	8.7	15 years - quarterly repayment	5.46 - Fixed	University	30 November 2007
			1.03 - variable		
Salix Finance Ltd	2.3	4 years - biannual repayment	Interest free	University	
Total	<b>70.8</b>				

# Notes to the accounts

## Note 22 Provisions for liabilities

	Obligation to fund deficit on USS Pension	USPS Defined benefit obligation (Note 32)	Total Pensions Provisions	Other	Total Provisions
	£m	£m	£m	£m	£m
<b>Consolidated</b>					
At 1 August 2018	60.7	59.9	120.6	0.2	120.8
Utilised in year	–	–	–	–	–
Additions in 2018-19	131.2	40.9	172.1	–	172.1
Unused amounts reversed in 2018-19	–	–	–	–	–
<b>At 31 July 2019</b>	<b>191.9</b>	<b>100.8</b>	<b>292.7</b>	<b>0.2</b>	<b>292.9</b>
<b>University</b>					
At 1 August 2018	60.7	59.9	120.6	0.1	120.7
Utilised in year	–	–	–	–	–
Additions in 2018-19	131.2	40.9	172.1	–	172.1
Unused amounts reversed in 2018-19	–	–	–	–	–
<b>At 31 July 2019</b>	<b>191.9</b>	<b>100.8</b>	<b>292.7</b>	<b>0.1</b>	<b>292.8</b>

### USS pension deficit provision

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation.

The adoption of the new deficit recovery plan following the 2017 actuarial valuation has given rise to a significant increase in the deficit provision which has increased from £60.7 million to £191.9 million. £115.7 million of this increase is attributable to the change in the deficit contributions contractual commitment. See also note 7 in respect of significant one-off pension costs/gains. More details on the 2017 actuarial valuation are set out in note 32.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 32. As at 31 July 2019 and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised provision of £106.6m, a decrease of £85.3m from the current year end provision.

### Other provisions

Other provisions include the final disposal costs of sealed sources as defined by the High Activity Sealed Source regulations of 2005 (S12005 No. 2686). The current estimates for the provision are £1,800 for the disposal of a large Sr-90 source and £107,300 for the disposal of two IBL 437C irradiators. These provisions will be renewed on a biennial basis.

# Notes to the accounts

## Note 23 Endowment reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Unrestricted permanent endowments	Expendable endowments	2019 Total	2018 Total
	£m	£m	£m	£m	£m
<b>Balances at 1 August 2018</b>					
Capital	21.1	8.4	9.5	39.0	37.8
Accumulated income	4.1	–	0.7	4.8	4.4
	25.2	8.4	10.2	43.8	42.2
New endowments	–	–	0.9	0.9	0.6
Investment income	0.7	0.3	0.2	1.2	1.1
Expenditure	(0.6)	(0.3)	(0.1)	(1.0)	(0.8)
Realisations	–	–	–	–	–
Increase in market value of investments	0.7	0.2	0.2	1.1	0.7
<b>Total endowment comprehensive income for the year</b>	0.8	0.2	1.2	2.2	1.6
<b>At 31 July 2019</b>	26.0	8.6	11.4	46.0	43.8
<b>Represented by:</b>					
Capital	21.8	8.6	10.6	41.0	39.0
Accumulated income	4.2	–	0.8	5.0	4.8
	26.0	8.6	11.4	46.0	43.8
<b>Analysis by type of purpose:</b>					
Lectureships	4.4	–	0.1	4.5	4.5
Scholarships and bursaries	15.9	–	4.1	20.0	18.4
Research support	1.5	–	5.1	6.6	6.5
Prize funds	1.9	–	1.6	3.5	3.3
General	2.3	8.6	0.5	11.4	11.1
	26.0	8.6	11.4	46.0	43.8
<b>Analysis by asset</b>				–	–
Fixed assets				40.9	38.5
Current and non-current asset investments				5.1	5.3
Cash & cash equivalents				46.0	43.8

### Deficit balances

The accumulated income relating to the following permanent endowments is currently in deficit. The income to cover these deficits is expected to be received by 31 July 2020.

	Capital	Income
	£	£
JG Graves Fellowship	1,004,764	(22,104)
F Moody Chair	618,642	(8,446)
Ellen Heatherington Arthritis Research	98,031	(6,326)
	<b>1,721,437</b>	<b>(36,876)</b>

# Notes to the accounts

## Note 24 Restricted reserves

Reserves with restrictions are as follows:

	2019 Total	2018 Total
	£m	£m
<b>Balances at 1 August 2018</b>	<b>3.5</b>	<b>3.6</b>
Research grant income	0.3	0.2
Other restricted income	1.9	2.1
Expenditure	(2.4)	(2.4)
<b>Total restricted comprehensive (expenditure)/income for the year</b>	<b>(0.2)</b>	<b>(0.1)</b>
<b>At 31 July 2019</b>	<b>3.3</b>	<b>3.5</b>
<b>Analysis of other restricted funds /donations by type of purpose:</b>		
Lectureships	–	–
Scholarships and bursaries	1.0	0.8
Research support	1.5	1.6
Prize funds	–	–
General	0.8	1.1
	<b>3.3</b>	<b>3.5</b>

## Note 25 Cash and cash equivalents

	At 1st August 2018	Cash Flows	At 31st July 2019
	£m	£m	£m
<b>Consolidated</b>			
Cash and cash equivalents	74.8	15.0	<b>89.8</b>
	74.8	15.0	<b>89.8</b>
<b>University</b>			
Cash and cash equivalents	63.8	19.1	<b>82.9</b>
	63.8	19.1	<b>82.9</b>

## Note 26 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2019:

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
Commitments contracted for	106.6	106.6	39.1	39.1
Commitments not contracted for	60.6	60.6	77.6	77.6
	<b>167.2</b>	<b>167.2</b>	116.7	116.7

## Note 27 Contingent liabilities

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

Castings Technology International Ltd  
Unicus Sheffield Ltd

The management of the University believe it is not practicable, at the time of signing of these accounts, to calculate the financial effect and/or timing of any requirement for funding that could arise from the letters of support, but believe that any support required would not be considered a material liability to the University.

# Notes to the accounts

## Note 28 Linked charities

Included in the endowments in note 23 are a small number of linked (paragraph (w)) charities:

	Opening balance	Income	Expenditure	Change in market value	Closing balance
	£m	£m	£m	£m	£m
<b>Consolidated</b>					
Yorkshire Cancer Research Endowment	4.5	-	-	-	4.5
4 funds and charities each with income below £100,000:	0.4	-	-	-	0.4
	<b>4.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.9</b>

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

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

## Note 29 Subsidiary undertakings

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

Company	Principal Activity	%
AMRC Korea**	Advanced manufacturing research	100.00%
AMRC Management Ltd	Advanced manufacturing research	100.00%
Castings Technology International Ltd	Advanced casting manufacturing and research	100.00%
epiGenesys Ltd	Custom software solutions and web applications	100.00%
Escafeld Estates Ltd	Property disposal for student residences strategy	100.00%
FaraPack Polymers Ltd	Innovative packaging solutions	100.00%
Risk2Value Ltd	Insurance services	100.00%
Sheffield Advisory Services Sdn Bhd	University Malaysian Office	100.00%
Suel Ltd	Business and management consultancy	100.00%
The National Metals Technology Centre Ltd	Licensing of NAMTEC name to the University	*
TUOS Parking Ltd	Car park services	100.00%
Unicus Sheffield Ltd	Hotel services	100.00%
UoS LP Ltd	Partner in asset backed funding of University Pension scheme	100.00%
UoS GP Ltd	Partner in asset backed funding of University Pension scheme	100.00%

\* Limited by guarantee

\*\* AMRC Korea is a wholly owned foundation

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

## Note 30 Lease obligations

Total rentals payable under operating leases:

Consolidated and University	31 July 2019			31 July 2018	
	Land and Buildings	Printers	Vehicles	Total	Total
	£m	£m	£m	£m	£m
<b>Payable during the year</b>	9.5	0.4	0.1	10.0	9.0
<b>Future minimum lease payments due:</b>					
Not later than 1 year	9.1	0.2	0.1	9.4	9.5
Later than 1 year and not later than 5 years	37.1	0.1	0.1	37.3	36.3
Later than 5 years	9.9	-	-	9.9	9.6
<b>Total lease payments due</b>	<b>56.1</b>	<b>0.3</b>	<b>0.2</b>	<b>56.6</b>	<b>55.4</b>

# Notes to the accounts

## Note 31 Events after the reporting period

As set out in Note 32 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £85.3m in the provision for the Obligation to fund the deficit on the USS pension which would instead increase by £45.9m. This adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2020.

## Note 32 Pension schemes

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

The total pension costs for the University were:

	Year Ended 31 July 2019	Year Ended 31 July 2018
	£m	£m
USS contributions	56.7	52.1
USPS service costs	5.4	5.7
NHSPS contributions	1.7	1.6
	<b>63.8</b>	59.4
Movement on USS provision	129.9	(7.9)
Total pensions costs included in staff costs	<b>193.7</b>	51.5
USS pension finance cost	1.3	1.3
USPS and ex-gratia pensions net interest charge	1.6	3.7
Total pensions cost included in interest costs	<b>2.9</b>	5.0
USPS administration cost in other operating expenses	1.0	1.2
Actuarial loss/(gain) relating to USPS and ex-gratia pensions	43.0	(88.9)
Total pension (gain)/cost	<b>240.6</b>	(31.2)

### (i) The Universities Superannuation Scheme

The total cost charged to the income and expenditure account is £131.2m (2018: credit of £6.6m).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2017 (the valuation date), which was carried out using the projected unit method.

Since the institution cannot identify its share of the Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2017 valuation was the fourth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 +: CPI + 1.7%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

#### 2017 valuation

Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females Post-retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females

# Notes to the accounts

## Note 32 Pension schemes (continued)

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2018 and 2019.

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

USS Scheme assets and liabilities	2019	2018
Scheme assets	£60.0 billion	£63.6 billion
Total scheme liabilities	£67.5 billion	£72.0 billion
FRS 102 total scheme deficit	£7.5 billion	£8.4 billion
FRS 102 total funding level	89%	88%

The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion and a funding ratio of 95%.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £106.6m, a decrease of £85.3m from the current year end provision and a lower staff costs charge on the face of the Statement of Comprehensive Income of £85.3m.

### (ii) University of Sheffield Pension Scheme

#### Disclosure for the accounting period ending 31 July 2019

The last formal triennial actuarial valuation of the scheme was performed as at 1 April 2017 by a professionally qualified actuary.

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

The University also provides ex-gratia pension benefits to certain employees and former employees who previously did not join other pension arrangements. Ex-gratia benefits have now ceased accruing for all such employees. The University currently pays ex-gratia pensions of £390,567 p.a. These liabilities are not separately funded.

Following a High Court ruling on 26 October 2018 the Scheme is required to equalise its benefits to address the inequalities inherent in the calculation of Guaranteed Minimum Pension ("GMP Equalisation"). The benefit obligations as at 31 July 2019 includes a provision of £383,000 for the estimated increase in the Scheme's liabilities as a result of GMP equalisation. There were no other changes in the Scheme provisions since the previous reporting period.

#### Assumptions

The financial assumptions used to calculate scheme liabilities under FRS 102 are:

	At July 2019	At July 2018
	%pa	%pa
Price Inflation (RPI)	3.10	3.05
Price Inflation (CPI)	2.10	2.05
Rate of increase in salaries	2.90	2.85
Rate of increase of pensions in payment for USPS members	2.10	2.05
Rate of increase of pensions in payment for ex-gratia pensioners*	3.10	3.05
Increases to deferred pensions before retirement	2.10	2.05
Discount rate	2.17	2.91

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

# Notes to the accounts

## Note 32 Pension schemes (continued)

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

	Males		Females	
	Pensioner	Non-pensioner (currently aged 45)	Pensioner	Non-pensioner (currently aged 45)
At 31 July 2018	22.1	23.6	24.5	26.3
<b>At 31 July 2019</b>	<b>22.2</b>	<b>23.7</b>	<b>24.5</b>	<b>26.4</b>

### Scheme assets and expected rate of return for USPS

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

The assets in the scheme were:

	Fair value as at		
	31 July 2019	31 July 2018	31 July 2017
	£m	£m	£m
Equities	124.6	129.0	126.2
Government bonds	6.0	8.8	6.3
Corporate bonds	49.1	28.0	28.2
Property	17.0	15.9	14.7
Cash	7.3	4.5	3.3
<b>Total</b>	<b>204.0</b>	<b>186.2</b>	<b>178.7</b>

The tables below include, where applicable, disclosures for the USPS and Ex-gratia pensions combined to enable clear presentation. The Ex-gratia pensions account for £4.9m of the total liabilities of £100.8m and £0m of the total assets.

	Year ended 31 July 2019	Year ended 31 July 2018
	£m	£m
<b>Analysis of the amount shown in the balance sheet for USPS and ex-gratia pensions:</b>		
Scheme assets	204.0	186.2
Scheme liabilities	(304.8)	(246.1)
<b>Deficit in the scheme – net pension liability recorded within pension provisions</b>	<b>(100.8)</b>	<b>(59.9)</b>
<b>Amount charged to Income and Expenditure for USPS</b>		
Current service cost	5.4	5.7
Administration expenses	1.0	1.2
<b>Total operating charge</b>	<b>6.4</b>	<b>6.9</b>
<b>Analysis of the amount charged to interest payable for USPS and Ex-gratia pensions</b>		
Interest cost	7.0	8.3
Expected return on assets	(5.4)	(4.6)
<b>Net charge to interest payable</b>	<b>1.6</b>	<b>3.7</b>
<b>Analysis of other comprehensive income for USPS and ex-gratia pensions</b>		
Gain on assets	(11.5)	(2.5)
Experience loss/(gain) on liabilities	0.1	(29.7)
Loss/(gain) on liabilities	54.4	(56.7)
<b>Total other comprehensive income before deduction for tax</b>	<b>43.0</b>	<b>(88.9)</b>

# Notes to the accounts

## Note 32 Pension schemes (continued)

	Year ended 31 July 2019	Year ended 31 July 2018
	£m	£m
<b>Cumulative actuarial loss recognised as other comprehensive income for USPS and ex-gratia pensions</b>		
Cumulative actuarial losses recognised at the start of the year	31.0	120.0
Cumulative actuarial losses recognised at the end of the year	74.0	31
<b>Analysis of movement in deficit for USPS and ex-gratia pensions</b>		
<b>Deficit at beginning of year</b>	59.9	147.2
Contributions or benefits paid by the University	(10.0)	(8.9)
Current service cost	5.4	5.6
Administration charge	1.0	1.2
Net interest cost	1.6	3.7
Loss recognised in other comprehensive income	43.0	(88.9)
<b>Deficit at end of year</b>	100.9	59.9
<b>Analysis of movement in the present value of USPS and ex-gratia liabilities</b>		
<b>Present value of USPS and ex-gratia liabilities at the start of the year</b>	246.1	321.0
Current service cost (net of member contributions)	5.4	5.6
Interest expense	7.0	8.2
Actual member contributions (including notional contributions)	0.4	0.3
Actuarial loss/(gain)	54.5	(86.5)
Actual benefit payments	(8.6)	(7.2)
<b>Present value of USPS and ex-gratia liabilities at the end of the year</b>	304.8	241.4
<b>Analysis of movement in the fair value of scheme assets</b>		
<b>Fair value of assets at the start of the year</b>	186.2	178.7
Expected return on assets	5.4	4.6
Actuarial gain on assets	11.5	2.5
Actual contributions paid by University	9.6	8.5
Expenses paid from scheme assets	(1.1)	(1.3)
Actual member contributions (including notional contributions)	0.4	0.3
Actual benefit payments	(8.0)	(7.1)
<b>Fair value of scheme assets at the end of the year</b>	204.0	186.2
	<b>Year to 31 July 2019</b>	<b>Year to 31 July 2018</b>
	£m	£m
<b>Actual return on Scheme assets</b>		
Expected return on Scheme assets	5.4	4.6
Actuarial gain on assets	11.5	2.5
Actual return on Scheme Assets	16.9	7.1

Estimated contributions for USPS in the Financial Year 2019–2020 is £9.9m.

# Notes to the accounts

## Note 33 Financial instruments

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £m	University £m	Consolidated £m	University £m
<b>Measured at fair value</b>				
Non-current investments held at fair value (note 14)	8.9	41.7	12.0	44.7
Endowment investments held at fair value (note 19)	40.9	40.9	38.5	38.5
<b>Measured at cost</b>				
Trade and other receivables (note 18)	82.5	82.7	81.8	84.4
Trade payables (note 20)	(13.4)	(12.7)	(17.5)	(17.0)
Social security and other taxation payable (note 20)	(7.3)	(7.2)	(8.1)	(7.9)
Accruals and deferred income due in one year (note 20)	(144.7)	(143.3)	(131.2)	(129.8)
Accruals and deferred income due in more than one year (note 21)	(1.5)	(1.5)	(4.2)	(4.2)
Other creditors due in one year (note 20)	(31.7)	(30.1)	(30.5)	(27.8)
Other creditors due in more than one year (note 21)	(0.4)	(0.4)	(0.6)	(0.4)
Bank and other non-secured loans (note 20)	(2.9)	(2.9)	(2.9)	(2.9)
Bank and other non-secured loans (note 21)	(8.1)	(8.1)	(9.0)	(9.0)
Private placement (note 21)	(59.8)	(59.8)	(59.8)	(59.8)
	<b>(137.5)</b>	<b>(100.7)</b>	<b>(131.5)</b>	<b>(91.2)</b>

## Note 34 Related party disclosure

Due to the nature of the University's operations and the composition of its Council (being drawn from local public and private sector organisations) and senior management team, it is inevitable that transactions will take place with organisations in which a member of Council or the senior management team may have an interest. All transactions involving organisations in which a member of Council or the senior management team may have an interest, including those identified below, are conducted at arms length and in accordance with the University's financial regulations and usual procurement procedures. Transactions with wholly owned subsidiaries which have been consolidated in the Group accounts are not disclosed below.

Related Party	Income	Expenditure	Balances at 31 July 2019 due to the University
	£m	£m	£m
<b>University Companies</b>			
Keapstone Therapeutic Ltd	0.1	-	-
Fusion IP plc	-	0.1	-
Sheffield University Student's Union	2.1	0.8	0.1
The Russell Group of Universities	-	0.1	-
Sheffield Advisory Services Sdn Bhd	-	0.2	-
N8 Limited	0.1	0.1	-

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

Related Party	Income	Expenditure	Balances at 31 July 2019 due (from)/to the University
	£m	£m	£m
Croda International Plc	0.1	-	-
Sheffield Teaching Hospitals NHS Fdn Trust	-	5.8	-
EEF Ltd	15.3	-	3.2
Henry Boot Plc	-	7.3	(0.5)

Croda International Plc is a British speciality chemicals company. Dr K Layden is a director.

Sheffield Teaching Hospitals NHS Foundation Trust is a provider of healthcare services. Mr A P Pedder is the Chairman of the Trust.

EEF Ltd (formerly Engineering Employers' Federation) is the largest sectoral employers' organisation. Mr A P Pedder is a director.

Henry Boot Plc is a construction and property development business, listed on the London Stock Exchange. Mr J Sutcliffe is the Group C.E.O.



