

SHEFFIELD HALLAM UNIVERSITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1997

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SHEFFIELD HALLAM UNIVERSITY

BOARD OF GOVERNORS REPORT FOR THE YEAR ENDED 31 JULY 1997

The Governors of Sheffield Hallam University submit their annual report and audited accounts for the year ended 31 July 1997.

Constitution and Powers

Sheffield Hallam University is a higher education corporation (HEC) as defined under the Education Reform Act 1988.

The powers of the HEC are defined in Section 124 of the 1988 Act as amended by the Further and Higher Education (FHE) Act 1992, and subject thereto any relevant regulations, orders or directions made by the Secretary of State or Privy Council. These powers include the power to provide higher and further education and to carry out research and to publish the results of such research.

The Corporation enjoys exempt charitable status by virtue of the 1988 Act.

Scope of the financial statements

The financial statements presented by the Governors comprise the consolidated results of the University and its subsidiary companies. The subsidiary companies undertake activities which, for legal or commercial reasons, are more appropriately channelled through a limited company. These activities include:

Collegiate Properties Limited	Management of student residences
Collegiate Properties (2) Limited	Contracting and property management
Sheffield Hallam University Enterprises Limited	Non-property trading activities

Collegiate Charitable Trust is also consolidated. The Trust's main activity is the leasing of property.

The subsidiary companies and the Trust covenant taxable profits to the University.

Review of Developments

The University submitted evidence to the National Committee of Inquiry into Higher Education (NCIHE) chaired by Sir Ron Dearing, whose report was published in July 1997. At that time the Government announced the replacement of mandatory awards by income contingent loans and the introduction of means-tested fees, both to begin in 1998/9. The University is considering the implications of the report which will inform future debate on strategic direction.

In the 1996 Research Assessment Exercise the University was the highest placed of the new universities. Of the subject areas entered by the University 78% were rated at 3 or higher (against 42% for all new universities) and 83% of submitted staff worked in units of assessment rated 3 or higher. In the 1996/7 session HEFCE teaching quality assessments were undertaken of the University's provision in Materials Technology, General Engineering/Mechanical, Aeronautical and Manufacturing Engineering, and Electrical and Electronic Engineering. On a scale of 24 points the results for the three areas were 22, 21 and 18.

In absolute terms the number of students enrolled for study during the 1996/97 academic year totalled 22433, comprising 15587 full-time and sandwich and 6846 part-time enrolments, which represented a 5.3% increase compared with 1995/6.

The new £10m Business and Information Technology Centre at City Campus, partly financed through European grant, was completed for the start of the 1997/98 academic year. Ideally placed close to the City Centre and good rail/road links, the Centre provides the focus for post graduate activities and commercial/industrial support in the areas of Finance, Business, Computing and Management Sciences. Its completion has enabled the vacation by the University of the outmoded and inefficient Totley site. Located in an attractive setting at the south-west edge of the city, this former campus is zoned for residential use and is the subject of keen developer interest.

The on-going building refurbishment programme has enabled vacation of a 55,000 sq. ft building at the end of its twenty five year lease and made available for re-let the Hallamshire Business Park, a 65,000 sq ft modern office building situated close to Sheffield's City Centre and inner ring road.

These are major steps towards the University's longer term aim of concentrating teaching and research activities on just two sites - City and Collegiate Crescent - and mean that a significant reduction in the operational space envelope with attendant running cost savings already has been achieved. In addition, the considerable benefits in consequence of improved academic groupings should now begin to show through.

Prioritisation of further developments to achieve the full benefits of planned estate rationalisation is now under review following completion of necessary land assembly activities.

Links with developers prepared to own and manage student accommodation have been strengthened, with a further 175 beds coming on stream in September 1997 at the highly acclaimed and award winning Truro Works complex. A new 220 bed development close to the City Centre should be ready for occupation in September 1998.

Financial Position

Gross income increased by just under £1.2m to £96.1m, despite a £1.35m reduction in Funding Council grants for the year under review. Tuition fees at £28.1m reflected a 5% increase compared with 1995/96. However, an Income and Expenditure Account deficit for the year to 31 July 1997 of £0.96m was incurred following provision for costs of £3.1m associated with a voluntary severance scheme. In consequence, Total Funds reduced from £47.7m to £46.7m. The implementation of the voluntary severance scheme was an integral part of the University's strategic response to the continued reduction in unit funding that is being managed over the medium term.

Revenue account expenditure was closely controlled and after adjusting for severance costs was less in cash terms - £94.0m compared with £94.8m in 1995/96 - than the previous year.

Net current liabilities of £2.57m at 31 July 1997 should be read in the context of Funding Council grants - which account for the bulk of the University's income in August and September each year - not forming part of current assets at 31 July.

Current cash balances remained little changed (£9.8m compared with £9.6m a year earlier) notwithstanding further infrastructure investment of over £10m during 1996/97. However, the underlying current cash position at 31 July was c. £7m after discounting short-term holding receipts associated with financial planning arrangements. Realisation of investment plans in 1997/98 will see a continuation of the basic downward trend in short-term cash.

£4.9m was drawn down from the Co-operative Bank Plc under a fifteen year term loan agreement following completion of the Business and Information Technology Centre. This, together with an increase in Business Expansion Scheme (BES) debt, basically accounts for the £6.2m increase in long-term borrowings to £52.4m. After adjusting for BES debt, which substantially is cash backed, underlying long-term debt has increased from £23.1m to £28.0m in consequence of the Co-operative Bank loan drawdown.

The consolidated statements incorporate the results of the University's wholly owned subsidiary companies and of the Collegiate Charitable Trust. As already indicated these organisations undertake a variety of activities, including trading, premises refurbishment and property/residences management. On turnover of £6.15m (1995/96 : £5.68m) they generated a pre-tax profit of £0.78m (1995/96 : £0.32m) which has been covenanted back to Sheffield Hallam University.

Employment of Disabled Persons

It is the policy of the University that appointment, training, career development and promotion of the disabled should ensure best use of their residual abilities, and that implementation practices in these areas should not disadvantage them. In the event of existing members of staff becoming disabled, every effort is made to ensure that they are able to continue in employment with the University and that appropriate rehabilitation/retraining is available.

Employee Involvement

The University is working towards the Investors in People standard and the Facilities Directorate achieved IIP recognition in July 1997. Staff were consulted on the University's response to the NCIHE and the University has carried out a Staff Experience Survey, the results of which are being analysed at the time of writing. Regular consultation with employee representatives is undertaken through a Joint Consultative Committee which meets monthly. University staff have the opportunity to undertake in-house training and development through two employee development schemes. The Headstart Scheme enables all University staff, including part-time and temporary staff, to study, part-time on University courses, programmes or units without having to pay tuition fees. Jumpstart is an employee-led development scheme, which aims to provide learning and development opportunities for manual staff. The scheme pays either the course fees or a grant towards the cost of tuition for any member of manual staff who wishes to learn a skill or study a subject unrelated to her/his area of work.

Payment of Creditors

It is the University's policy to obtain the best terms for all business and, thus, there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavours to include and abide by specific payment terms.

Corporate Governance

In the previous year the financial statements included a statement confirming the University's compliance with the aspects that are relevant to universities of the Code of Best Practice issued by the Committee on the Financial Aspects of Corporate Governance. This year's statement appears **on pages 5 - 8 and the review report thereon on page 9.**

Auditors

The Board of Governors appointed KPMG to undertake the audit of the University for the year to 31 July 1997.

KPMG have expressed their willingness to continue in office as the University's auditors and a resolution proposing their re-appointment has been approved by the Audit Committee.

W N Adsetts
Chair of the Board of Governors

J M Stoddart
Principal and Vice-Chancellor
6 January 1998

Corporate Governance

The following statement is to help readers of the financial statements to obtain an understanding of the approach to governance applied by the University's Board of Governors.

The Board welcomed the report of the Cadbury Committee on the Financial Aspects of Corporate Governance, and the Committee's Code of Best Practice. Whilst the University, (being a higher education corporation as defined under the Education Reform Act 1988) with charitable status, does not fall within the regulation of the London Stock Exchange, the Board of Governors is satisfied that the University complies with the provisions of the code which can be applied to universities. A description of the University's internal financial control system is set out on page 8.

Summary of the University's Structure of Corporate Governance

The University's Board of Governors comprises lay and academic persons appointed under the Instrument of Government of the University, the majority of whom are non-executive. The roles of Chairman and Deputy Chairman of the Board of Governors are separate from the role of the University's Chief Executive, the Principal and Vice-Chancellor. The matters specifically referred to the Board of Governors for decision are set out in the Articles of Government of the University; by custom and under the Financial Memorandum with the Higher Education Funding Council for England, the Board of Governors holds to itself the responsibilities for the ongoing strategic direction of the University, approval of major developments and the receipt of regular reports from Executive Officers on the day-to-day operations of its business and its subsidiary companies. The Board of Governors meets four times a year; and has several Committees including a Finance, Employment and General Purposes Committee, a Student Affairs Committee, a Remunerations Committee, a Nominations Committee and an Audit Committee. All of these Committees are formally constituted with terms of reference and comprise mainly lay members of the Board of Governors, one of whom is designated to chair meetings.

The Finance, Employment and General Purposes Committee inter alia recommends to the Board of Governors the University's annual income and expenditure budget and monitors performance in relation to the approved budgets.

The Student Affairs Committee advises the Board of Governors of the policy implications of strategic developments in higher education as they affect the experience of University students. It reviews procedures for ensuring appropriate opportunities for students to raise matters of concern to them at all levels in the University. After appropriate consultation it also recommends to the Board of Governors rules with respect to the conduct of students.

The Remunerations Committee determines the annual remuneration of senior staff.

The Nominations Committee considers nominations for filling vacancies in the Board of Governors membership under the Instrument of Government. Such nominations are subject to the formal approval of the Board of Governors.

The Audit Committee meets at least twice annually, with the External Auditors, to discuss audit findings, and with the Internal Auditors, to consider detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's response and implementation plans. It also receives and considers reports from the Higher Education Funding Council for England as they affect the University's business and monitors adherence with the regulatory requirements. It reviews the University's annual financial statements together with the accounting policies. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee may meet with the External Auditors on their own for independent discussions.

Responsibilities of the University's Board of Governors

In accordance with the Education Reform Act 1988 and the Articles of Government, the Board of Governors is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University's Articles of Government, the Statement of Recommended Practice on Accounting in Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Board of Governors of the University, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Board of Governors has ensured that

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- it is appropriate for the financial statements to be prepared on the going concern basis.

The Board of Governors has taken reasonable steps to

- ensure that funds from the Higher Education Funding Council for England, Further Education Funding Council and Teachers Training Agency, grants and income for specific purposes and from other restricted funds administered by the Sheffield Hallam University have been applied only for the purposes for which they were received
- ensure that there are appropriate financial and management controls in place to safeguard public funds from other sources
- safeguard the assets of the University and prevent and detect fraud
- secure the economical, efficient and effective management of the University's resources and expenditure.

Internal Financial Controls

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast outturns
- clearly defined and formalised requirements for approval and control of expenditure
- a formalised treasury management policy
- comprehensive Financial Regulations detailing financial controls and procedures
- a professional Internal Audit team whose annual programme is approved by the Audit Committee.

The Audit Committee, on behalf of the Board, has reviewed the effectiveness of the University's system of internal financial control. Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

Going Concern

After making enquiries the Board of Governors has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Financial Statements.

Review report by KPMG to the Board of Governors of Sheffield Hallam University on corporate governance matters

In addition to our audit of the financial statements, we have reviewed the Governors' statements on pages 5 to 8 on the University's compliance with paragraphs 1.4, 1.5, 2.3, 2.4, 3.1 to 3.3 and 4.3 to 4.6 of the Code of Best Practice. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

Basis of opinion

We carried out our review in accordance with Bulletin 1995/1 'Disclosures relating to corporate governance' issued by the Auditing Practices Board. The Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the University's system of internal financial control or its corporate governance procedures, nor on the ability of the University to continue in operational existence.

Opinion

With respect to the Governors' statements on internal financial control and going concern on page 8, in our opinion the Governors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain officers of the University, and examination of relevant documents, in our opinion the Governors' statement on pages 5 to 8 appropriately reflects the University's compliance with the paragraphs of the Code specified above.

KPMG
Chartered Accountants
Sheffield
6 January 1998

Report of the Auditors to the Board of Governors of Sheffield Hallam University

We have audited the financial statements on pages 11 to 34 which have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and the accounting policies set out on pages 16 to 18.

Respective Responsibilities of the Board of Governors

As described on page 7, the Board of Governors is responsible for ensuring that financial statements are prepared. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:-

The financial statements give a true and fair view of the state of the affairs of the University and the group at 31 July 1997, and of the group's income and expenditure for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting in Higher Education Institutions and with the University's Articles of Government;

Funds from the Higher Education Funding Council for England, Further Education Funding Council and Teachers Training Agency, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received.

Income has been applied in accordance with the Financial Regulations governing the University and, where appropriate, with the Financial Memorandum dated March 1996 with the Higher Education Funding Council for England and the Funding Agreement dated July 1996 with the Teacher Training Agency.

KPMG
Chartered Accountants
Registered Auditors
Sheffield
6 January 1998

SHEFFIELD HALLAM UNIVERSITY
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 July 1997

	Note	1997 £000	1996 £000
INCOME			
Funding Council grants	2	49,780	51,138
Academic fees and support grants	3	28,100	26,675
Research grants and contracts	4	4,084	4,124
Other operating income	5	12,003	10,706
Endowment income and interest receivable	6	2,120	2,277
		<hr/>	<hr/>
Total income		96,087	94,920
		<hr/>	<hr/>
EXPENDITURE			
Staff costs	7	61,893	60,455
Depreciation	8	5,831	5,681
Other operating expenses	9	25,754	25,408
Interest payable	10	3,569	4,266
		<hr/>	<hr/>
Total expenditure		97,047	95,810
		<hr/>	<hr/>
(Deficit) after depreciation of assets at valuation and before tax		(960)	(890)
Taxation		-	5
		<hr/>	<hr/>
(Deficit) after depreciation of assets at valuation and tax		(960)	(895)
		<hr/>	<hr/>

All results are from continuing operations.

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS

For the Year Ended 31 July 1997

	Note	1997 £000	1996 £000
(Deficit) after depreciation of assets at valuation and tax		(960)	(895)
Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	21	484	487
		<hr/>	<hr/>
Historical cost (deficit) after tax		(476)	(408)
		<hr/>	<hr/>

SHEFFIELD HALLAM UNIVERSITY
CONSOLIDATED BALANCE SHEET

as at 31 July 1997

	Note	1997 £000	1997 £000	1996 £000	1996 £000
FIXED ASSETS					
Tangible assets	12	99,605		92,788	
Investments	14	<u>22,706</u>	122,311	<u>21,108</u>	113,896
ENDOWMENT ASSET INVESTMENTS					
	15		164		144
CURRENT ASSETS					
Stocks and stores in hand		146		181	
Debtors	16	6,113		4,974	
Short term deposits		11,554		12,039	
Cash at bank and in hand		<u>78</u>		<u>18</u>	
		17,891		17,212	
CREDITORS - amounts falling due within one year					
	17	<u>20,466</u>		<u>17,133</u>	
NET CURRENT (LIABILITIES) /ASSETS					
			<u>(2,575)</u>		<u>79</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			119,900		114,119
CREDITORS - amounts falling due after more than one year					
	18	52,355		46,249	
PROVISIONS FOR LIABILITIES AND CHARGES					
	19	<u>2,738</u>	<u>55,093</u>	<u>2,229</u>	<u>48,478</u>
TOTAL ASSETS LESS LIABILITIES					
			64,807		65,641
DEFERRED CAPITAL GRANTS					
	20		<u>18,061</u>		<u>17,955</u>
TOTAL NET ASSETS					
			<u>46,746</u>		<u>47,686</u>
Represented by :-					
ENDOWMENTS					
- Specific	15		164		144
RESERVES					
- Revaluation reserve	21	34,930		35,797	
- Income and expenditure	22	<u>11,652</u>	<u>46,582</u>	<u>11,745</u>	<u>47,542</u>
TOTAL FUNDS					
			<u>46,746</u>		<u>47,686</u>

The financial statements on pages 11 to 34 were approved on behalf of the Board of Governors on 6 January 1998.

W N Adsetts, Chair of the Board of Governors J M Stoddart, Principal and Vice-Chancellor

SHEFFIELD HALLAM UNIVERSITY

UNIVERSITY BALANCE SHEET

as at 31 July 1997

	Note	1997 £000	1997 £000	1996 £000	1996 £000
FIXED ASSETS					
Tangible assets	13	96,007		89,062	
Investments	14	<u>38,471</u>	134,478	<u>39,246</u>	128,308
ENDOWMENT ASSET INVESTMENTS					
	15		164		144
CURRENT ASSETS					
Stocks and stores in hand		146		181	
Debtors	16	19,803		3,816	
Short term deposits		11,404		12,039	
Cash at bank and in hand		<u>19</u>		<u>16</u>	
		<u>31,372</u>		<u>16,052</u>	
CREDITORS - amounts falling due within one year					
	17	<u>21,830</u>		<u>16,550</u>	
NET CURRENT ASSETS/ (LIABILITIES)					
Due within one year		(1,476)		(498)	
Due after more than one year		<u>11,018</u>	<u>9,542</u>	<u>-</u>	<u>(498)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			144,184		127,954
CREDITORS - amounts falling due after more than one year					
	18	79,090		61,782	
PROVISIONS FOR LIABILITIES AND CHARGES					
	19	<u>2,738</u>	<u>81,828</u>	<u>2,229</u>	<u>64,011</u>
TOTAL ASSETS LESS LIABILITIES			62,356		63,943
DEFERRED CAPITAL GRANTS					
	20		<u>18,061</u>		<u>17,955</u>
TOTAL NET ASSETS			<u>44,295</u>		<u>45,988</u>
Represented by :-					
ENDOWMENTS					
- Specific	15		164		144
RESERVES					
- Revaluation reserve	21	34,930		35,797	
- Income and expenditure	22	<u>9,201</u>	<u>44,131</u>	<u>10,047</u>	<u>45,844</u>
TOTAL FUNDS			<u>44,295</u>		<u>45,988</u>

The financial statements on pages 11 to 34 were approved on behalf of the Board of Governors on 6 January 1998.

W N Adsetts, Chair of the Board of Governors J M Stoddart, Principal and Vice-Chancellor

SHEFFIELD HALLAM UNIVERSITY

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 July 1997

	Note	1997 £000	1996 £000
(Deficit) after depreciation of assets at valuation and tax		(960)	(895)
New Endowments	15	16	3
Endowment income retained for year	15	4	2
HEFCE repayment of debt principal	21	-	9,806
		<hr/>	<hr/>
Total recognised (losses)/gains relating to the year		(940)	8,916
		<hr/> <hr/>	<hr/> <hr/>

SHEFFIELD HALLAM UNIVERSITY
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 July 1997

	Note	1997 £000	1996 £000
Cash inflow from operating activities	26	6,392	4,148
Return on investments	28	(1,206)	(1,576)
Capital expenditure and financial investment:-	29		
Capital expenditure, net of disposals		(13,620)	(18,050)
Deferred capital grants and other receipts		3,243	12,606
		(10,377)	(5,444)
Cash outflow before use of liquid resources and financing		(5,191)	(2,872)
Management of liquid resources		485	1,913
Financing		5,437	654
		731	(305)
Increase/(decrease) in Cash	30	731	(305)
 Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period		731	(305)
Decrease in liquid resources		(485)	(1,913)
(Increase)/decrease in long term debt		(6,098)	9,944
Repayment of debt		661	586
New finance leases		(821)	(222)
		(6,012)	8,090
Change in net debt		(6,012)	8,090
Net debt at 1 August		(37,122)	(45,212)
Net debt at 31 July		(43,134)	(37,122)

SHEFFIELD HALLAM UNIVERSITY

NOTES TO THE ACCOUNTS

1. Statement of Principal Accounting Policies

Accounting Convention

The financial statements of the University have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings, and in accordance both with the 1994 Statement of Recommended Practice : Accounting in Higher Education Institutions (the SORP) and applicable Accounting Standards.

Basis of Consolidation

The consolidated financial statements consolidate the financial statements of the University and its wholly owned subsidiary undertakings (Sheffield Hallam University Enterprises Ltd, Collegiate Properties Ltd and Collegiate Properties (2) Ltd) together with those of the Collegiate Charitable Trust.

The consolidated financial statements do not include those of the University's Union of Students as it is a separate legal entity in respect of which the University maintains controls at the minimum necessary level and does not significantly influence policy.

Comparative Figures

Certain comparative figures have been restated to reflect the revised analysis adopted by the Governors for the year ended 31 July 1997. In the opinion of the Governors the revised presentation more fairly reflects the financial position of the University. The restatements are not considered to be material.

Recognition of Income

Income from Specific Endowments and Donations, Research Grants, Contracts and Other Services Rendered is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. All income from short-term deposits is credited to the Income and Expenditure Account on a receivable basis.

Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Leases

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets on the inception of the lease. The excess of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

Land and Buildings

Land and buildings were revalued at 31 March 1992 on the basis of current market value for continuation of existing use where appropriate. Where buildings are in specialist use and there is no general market value then the valuation was carried out on the basis of depreciated replacement cost, in accordance with the Royal Institution of Chartered Surveyors Guidance Notes concerning asset valuation. Land and buildings acquired since 31 March 1992 are included at cost.

Equipment

Equipment financed from Funding Council grants and other equipment costing £5,000 or more is capitalised and shown at cost.

Depreciation

Buildings

Depreciation on new and existing buildings is provided on a straight line basis over their expected useful lives, generally 50 years. It is provided on structural additions over the remaining useful life, and on major refurbishments over 10 years.

Leased Buildings

The fitting out costs of leased buildings are depreciated over the lesser of the assets' lives or the expected occupancy period.

Other Tangible Fixed Assets

Furniture and fittings for new and refurbished buildings are depreciated over 5 years and other capital equipment over 4 years.

Grants

Where assets are acquired with the aid of specific grants the relevant grants are treated as deferred capital grants and released to the Income and Expenditure account over the same period as the relevant assets are depreciated.

Stock

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

Cash Flows and Liquid Resources

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

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

Taxation Status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

Pension Costs

The University's accounting policy in this connection is covered under Note 7.

Maintenance of Premises

The cost of routine corrective maintenance is charged to the Income and Expenditure account as it is incurred. The University also sets aside sums on a regular basis to meet the cost of maintenance which occurs on an irregular basis. These are disclosed as provisions.

2. Funding Council Grants

	1997 £000	1996 £000
Higher Education Funding Council for England	42,479	44,622
Teacher Training Agency	4,377	3,692
Further Education Funding Council	36	-
Deferred capital grants released in year (Note 20)		
Buildings	451	161
Equipment	2,437	2,663
	<hr/> 49,780	<hr/> 51,138

3. Academic Fees and Support Grants

	1997 £000	1996 £000
Full-time and sandwich students	19,945	18,966
Full-time students charged overseas fees	2,505	2,047
Part-time and short course fees	5,650	5,662
	<hr/> 28,100	<hr/> 26,675

4. Research Grants and Contracts

	1997 £000	1996 £000
Grants and contracts	4,084	4,124
	<hr/>	<hr/>

5. **Other Operating Income**

	1997	1996
	£000	£000
Residences, catering and conferences	4,462	4,432
Other services rendered	3,594	3,436
Other income	3,947	2,838
	<hr/>	<hr/>
	12,003	10,706
	<hr/>	<hr/>

6. **Endowment Income and Interest Receivable**

	1997	1996
	£000	£000
Transferred from specific endowments (Note 15)	4	8
Income from short term investments	518	792
Other interest receivable	1,598	1,477
	<hr/>	<hr/>
	2,120	2,277
	<hr/>	<hr/>

Other interest receivable mainly represents interest accrued on University deposits, under the control of trustees, made in connection with Business Expansion Schemes (see also Notes 11 and 14).

7. **Staff**

<u>Staff Costs</u>	1997	1996
	£000	£000
Wages and salaries	54,681	53,311
Social Security costs	3,813	3,883
Other pension costs	3,399	3,261
	<hr/>	<hr/>
	61,893	60,455
	<hr/>	<hr/>

Wages and salaries include £3.087m (1996 : £0.973m) in respect of costs incurred or to be incurred in consequence of employees taking advantage of a voluntary severance scheme.

<u>Emoluments of the Principal and Vice-Chancellor</u>	1997	1996
	£	£
The emoluments of the Principal and Vice-Chancellor are shown excluding employer's pension and National Insurance contributions.	110,161	112,842

The University's related employer's pension contributions are paid on a similar basis to other relevant staff and amounted to £8,710 (1996 : £8,295).

Remuneration of other higher paid staff, excluding employers pension contributions, fall within the following bands:

	1997	1996
£50,000 - £59,999	6	6
£70,000 - £79,999	1	2
£80,000 - £89,999	1	-

The average number of persons employed during the year was made up as follows:

	1997	1996
School/research institute based	1,542	1,563
Academic support departments	229	227
Administration	434	448
Other	273	289
	2,478	2,527

The staff numbers are full time equivalents. Academic support departments mainly comprise staff of Corporate Information Systems and the Learning Centre.

Pension Costs

The two principal pension schemes for the University's staff are the Teachers' Superannuation Scheme (TSS) and the South Yorkshire Pension Fund (SYPF). The assets of the schemes are held in separately administered funds. The schemes are defined benefit schemes which are externally funded. They are valued every three years for SYPF, every five years for TSS and by actuaries using the projected unit method, the rates of contribution payable being determined by the actuary with the approval of the administering authority. TSS provides benefits based on final pensionable salary for academic staff. SYPF provides similar benefits based on final pensionable salary for academic staff and support staff, including research and manual staff, subject to the rules of eligibility. The assumptions and other data which have the most significant effect on the determination of the contribution levels are as follows:

	TSS	SYPF
Latest actuarial valuations	*31.3.91	31.3.95
Excess of projected investment returns over salary increases per annum	2.0%	2.5%
Pension increases per annum	3.5%	4%
Market value of assets at date of last valuation	£48,192m	£1,237m
Proportion of the members' accrued benefits covered by the actuarial value of the assets.	97.5%	80%

*The results for 1.4.91 to 31.3.96 are yet to be published.

8. **Depreciation**

	1997	1996
	£000	£000
The depreciation charge has been funded by:		
Deferred capital grants released (Note 20)	3,121	3,006
General income	2,226	2,188
Revaluation reserve released	484	487
	<hr/>	<hr/>
	5,831	5,681
	<hr/>	<hr/>

9. **Other Operating Expenses**

	1997	1996
	£000	£000
Residences, catering and conferences operating expenses	2,022	2,149
Consumables and laboratory expenditure	3,732	4,046
Books and periodicals	1,085	1,155
Heat, light, water and power	1,051	1,069
Repairs and general maintenance	562	647
Provision for long-term maintenance (Note 19)	500	500
Grants to Sheffield Hallam University Union of Students	782	808
Rents	2,178	2,096
Auditors' remuneration - Audit	19	24
- Other services	2	11
Equipment operating lease rentals	343	410
Other expenses	13,478	12,493
	<hr/>	<hr/>
	25,754	25,408
	<hr/>	<hr/>

Costs of £2.37m (1996 : £2.53m) in respect of residences, catering and conferences staff are included within employee costs (Note 7).

10. **Interest Payable**

	1997	1996
	£000	£000
Bank and other loans wholly repayable within five years	1,219	1,989
Loans not wholly repayable within five years	1,565	1,590
Finance leases	785	687
	<hr/>	<hr/>
	3,569	4,266
	<hr/>	<hr/>

11. **Business Expansion Schemes (BES)**

The University supported two successful schemes, Accumulus Hallam and Accumulus Hallam II, in 1993/94. The first was fully cash backed, sufficient funds having been placed on deposit under the control of trustees, at fixed interest rates to provide, over five years, the full cash sum necessary to discharge the University's obligations in this connection.

The University's commitment under the second scheme was to secure cash backing of not less than 50% of the five year repayment obligation. Fixed interest deposits, again under the control of trustees, are in place with a maturity value in excess of that commitment.

Taking the two schemes together, the five year exit price commitment totals just under £25.8m and deposits already in place under the control of trustees on fixed terms will generate £23.0m of that requirement.

Under Accumulus Hallam, four BES companies have acquired existing student residences for £15.482m, based on the estimated value following planned refurbishment. The Accumulus Hallam II scheme entailed the construction of additional student accommodation and the possible further refurbishment of existing accommodation. New and existing accommodation to a value of £4.874m has been transferred to the related BES company.

Within Tangible Fixed Assets (Notes 12 and 13 below) the accounts reflect these transactions in accordance with Financial Reporting Standards and sector guidelines, recording the assets concerned as freehold land and buildings at cost or 31 March 1992 valuation as appropriate.

12. Tangible Fixed Assets

	<u>Land and Buildings</u>			<u>Assets in Course of Construction</u>	<u>Equipment</u>	<u>Total</u>
	<u>Freehold</u>	<u>Long Leasehold</u>	<u>Short Leasehold</u>			
Consolidated	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1 August 1996						
Valuation	37,505	-	-	-	-	37,505
Cost	52,409	136	2,701	2,389	26,053	83,688
Additions at cost	2,657	-	-	7,619	2,528	12,804
Transfers at cost	8,665	-	-	(9,556)	891	-
Disposals at cost	(167)	-	-	-	-	(167)
At 31 July 1997						
Valuation	37,505	-	-	-	-	37,505
Cost	63,564	136	2,701	452	29,472	96,325
Depreciation						
At 1 August 1996	5,991	3	2,175	-	20,236	28,405
Charge for year	2,451	1	75	-	3,304	5,831
Eliminated on disposals	(11)	-	-	-	-	(11)
At 31 July 1997	8,431	4	2,250	-	23,540	34,225
Net Book Value						
At 31 July 1997	92,638	132	451	452	5,932	99,605
At 1 August 1996	83,923	133	526	2,389	5,817	92,788

The land and buildings were revalued as at 31 March 1992 by Fuller Peiser, Property Consultants in accordance with the fixed assets accounting policy outlined in Note 1.

Included in the total net book value of tangible fixed assets is £10.22m. (1996: £10.12m) in respect of costs held under finance leases. Depreciation for the year on these costs was £0.54m (1996: £0.43m).

13. **Tangible Fixed Assets**

	<u>Land and Buildings</u>			<u>Assets in Course of Construction</u>	<u>Equipment</u>	<u>Total</u>
	<u>Freehold</u>	<u>Long Leasehold</u>	<u>Short Leasehold</u>			
	£000	£000	£000	£000	£000	£000
University						
Cost or Valuation						
At 1 August 1996						
Valuation	37,505	-	-	-	-	37,505
Cost	34,270	15,901	2,701	2,390	25,830	81,092
Additions at cost	2,657	-	-	7,166	1,312	11,135
Transfers at cost	11,039	-	-	(9,556)	891	2,374
Disposals at cost	(167)	-	-	-	-	(167)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 1997						
Valuation	37,505	-	-	-	-	37,505
Cost	47,799	15,901	2,701	-	28,033	94,434
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation						
At 1 August 1996	4,888	2,367	2,175	-	20,105	29,535
Charge for year	2,135	789	75	-	3,251	6,250
Transfers	158	-	-	-	-	158
Eliminated in disposals	(11)	-	-	-	-	(11)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 1997	7,170	3,156	2,250	-	23,356	35,932
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value						
At 31 July 1997	78,134	12,745	451	-	4,677	96,007
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 August 1996	66,887	13,534	526	2,390	5,725	89,062
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The land and buildings were revalued as at 31 March 1992 by Fuller Peiser, Property Consultants in accordance with the fixed assets accounting policy outlined in note 1.

14. **Investments**

	Consolidated		University	
	1997	1996	1997	1996
	£000	£000	£000	£000
Investment in subsidiary companies at cost	-	-	9,750	9,750
Loan to Collegiate Properties (2) Ltd	-	-	6,015	6,015
Loan to Collegiate Properties Ltd	-	-	-	2,373
Investments to meet obligations in connection with two Business Expansion Schemes	21,269	19,789	21,269	19,789
Other fixed term investments	1,395	1,277	1,395	1,277
Other investments	42	42	42	42
	<hr/>	<hr/>	<hr/>	<hr/>
	22,706	21,108	38,471	39,246
	<hr/>	<hr/>	<hr/>	<hr/>

Subsidiary Undertakings

	Principal Activity	Country of Registration	Percentage of Ordinary Shares Held
Collegiate Properties Limited (CPL)	Management of student residences	England and Wales	100
Collegiate Properties (2) Limited (CP2L)	Contracting and property leasing	England and Wales	100
Collegiate Library Services Limited	Dormant	England and Wales	100
Sheffield Hallam University Enterprises Limited	Non-property trading activities	England and Wales	100
Sheffield City Polytechnic Educational Trust Company Limited	Dormant	England and Wales	100

The University also consolidates the Collegiate Charitable Trust. The Trust's financial statements are prepared to 31 July 1997.

Deposits

Deposits totalling £16.105m, with a maturity value of £23.002m, were made at fixed rates of interest during the course of the 12 months ending 31 July 1994 under the control of trustees to meet a substantial part of the University's obligations under two Business Expansion Schemes. (See also Notes 11 and 18).

The £1.395m (1996 £1.277m) recorded against Other Fixed Term Investments is the subject of a fixed charge in connection with a particular property related loan.

15. **Endowment Assets**

Consolidated and University

	£000
At 1 August 1996	144
Additions	16
Income for year	8
Transferred to Income and Expenditure account (Note 6)	(4)
	<hr/>
At 31 July 1997	164
	<hr/>
Representing:	
Prize funds	76
Other funds	88
	<hr/>
	164
	<hr/>

The University's fixed asset endowments are held as short term cash deposits.

16. **Debtors**

	Consolidated		University	
	1997	1996	1997	1996
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	2,472	1,958	1,690	1,204
Amounts owed by group undertaking	-	-	3,130	-
Prepayments and accrued income	3,641	3,016	3,965	2,612
	<hr/>	<hr/>	<hr/>	<hr/>
	6,113	4,974	8,785	3,816
Amounts falling due after one year:				
Prepayments to group undertakings	-	-	11,018	-
	<hr/>	<hr/>	<hr/>	<hr/>
	6,113	4,974	19,803	3,816
	<hr/>	<hr/>	<hr/>	<hr/>

In the year the University entered into a contract with Collegiate Properties (2) Limited (CP2L) to carry out refurbishment work on certain of the University's buildings.

The University prepaid the whole of the works amounting to £15 million, which was immediately lent back by CP2L with interest at 1% per annum above LIBOR, payable quarterly.

The prepayment is reduced as refurbishment work is carried out by CP2L, consequently the loan from CP2L to the University is also reduced, by the value of the work undertaken.

17. **Creditors: Amounts Falling Due Within One Year**

	Consolidated		University	
	1997	1996	1997	1996
	£000	£000	£000	£000
Mortgages and unsecured loans	405	375	200	200
Bank overdrafts	1,831	2,482	1,831	2,583
Obligations under finance leases	339	217	339	217
Payments received on account	2,152	2,219	2,523	1,990
Creditors	3,162	2,496	2,286	2,316
Social security and other taxation payable	3,899	1,607	1,542	1,607
Accruals and deferred income	8,678	7,737	7,047	7,452
Amounts owed to group undertakings	-	-	6,062	185
	<hr/>	<hr/>	<hr/>	<hr/>
	20,466	17,133	21,830	16,550
	<hr/>	<hr/>	<hr/>	<hr/>

18. **Creditors : Amounts Falling Due After More Than One Year**

	Consolidated		University	
	1997	1996	1997	1996
	£000	£000	£000	£000
Loans repayable secured on residential and other property				
Between one and five years:				
Business Expansion Schemes	24,339	23,141	24,339	23,141
Secured loan	800	800	800	800
Over five years:				
Secured loans	18,600	13,900	18,600	13,900
Unsecured loans repayable				
Between one and five years:				
Group undertakings	-	-	11,018	-
Other	49	233	-	-
Obligations under finance leases				
Between one and five years:				
Equipment	477	324	477	324
Over five years:				
Buildings	8,090	7,851	8,090	7,851
Leasehold obligation to group undertaking	-	-	15,766	15,766
	<hr/>	<hr/>	<hr/>	<hr/>
	52,355	46,249	79,090	61,782
	<hr/>	<hr/>	<hr/>	<hr/>

There is a loan outstanding of £14.7m (1996 £14.9m) repayable by 1 August 2002 secured by a fixed charge on certain of the University's land and buildings. It is intended that the majority of this loan be re-financed by that date.

The obligations in respect of two Business Expansion Schemes (BES) entered into during 1993/94 amounted to £18.562m (1996 £17.677m) and £5.777m (1996 £5.464m) at 31 July 1997 and will be increased each year at the rate of 5.01% and 5.73% to achieve the sums due in respect of the two BES schemes of £19.52m in 1998 and £6.25m in 1999 respectively. A total of £1.198m (1996 £1.139m) was credited in the year. See also Note 14 in respect of monies invested in order to provide for a substantial part of these repayments by the due dates.

19. **Provisions for Liabilities and Charges**

Consolidated and University

	Long Term Maintenance £000	Other £000	Total £000
At 1 August 1996	1,800	429	2,229
Utilised in year	-	(25)	(25)
Transfer to Income and Expenditure account	500	34	534
	<hr/>	<hr/>	<hr/>
At 31 July 1997	2,300	438	2,738
	<hr/>	<hr/>	<hr/>

20. **Deferred Capital Grants**

Councils	Consolidated and University			
	Funding Grants £000	Other Total £000	1997 Total £000	1996 £000
At 1 August				
Buildings	12,315	1,103	13,418	4,330
Equipment	4,343	194	4,537	4,028
Total	16,658	1,297	17,955	8,358
Cash Received				
Buildings	225	903	1,128	9,366
Equipment	1,994	105	2,099	3,237
Total	2,219	1,008	3,227	12,603
Released to Income and Expenditure account				
Buildings	451	142	593	278
Equipment	2,437	91	2,528	2,728
Total	2,888	233	3,121	3,006
At 31 July				
Buildings	12,089	1,864	13,953	13,418
Equipment	3,900	208	4,108	4,537
Total	15,989	2,072	18,061	17,955

21. **Revaluation Reserve**

	Consolidated and University	
	1997 £000	1996 £000
Balance brought forward at 1 August	35,797	26,478
HEFCE reimbursement of loan repayment	-	9,806
Release to Income and Expenditure reserve equivalent to depreciation on revaluation	(867)	(487)
Balance at 31 July	34,930	35,797

The amount transferred to the Income and Expenditure reserve for the year includes £383,000 in respect of assets sold in prior years.

22. **Income and Expenditure Reserve**

	Consolidated £000	University £000
Deficit after depreciation of assets at valuation and tax	(960)(1,713)	
Release from revaluation reserve	867	867
	(93)	(846)
Balance at 1 August 1996	11,745	10,047
Balance at 31 July 1997	11,652	9,201

23. **Lease Obligations**

	Consolidated		University	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
The net finance lease obligations to which the University is committed are:				
Within one year	339	217	339	217
Between one and five years	477	324	477	324
Over five years	8,090	7,851	23,856	23,617
	8,906	8,392	24,672	24,158
Operating lease commitments for the financial year, on leases expiring:				
Within one year	238	129	238	129
Between one and five years	559	1,113	559	1,113
Over five years	960	962	1,642	962
	1,757	2,204	2,439	2,204

24. **Capital Commitments**

	Consolidated		University	
	1997	1996	1997	1996
	£m	£m	£m	£m
Commitments contracted at 31 July	3	4	1	4
Authorised but not contracted at 31 July	1	4	-	4
	<hr/>	<hr/>	<hr/>	<hr/>
	4	8	1	8
	<hr/>	<hr/>	<hr/>	<hr/>

25. **Contingent Liability**

Recent decisions handed down by the European Court of Justice (ECJ) may increase the liability for pension provision of UK employers, including institutions such as Sheffield Hallam University. The implications of the ECJ decisions are, however, unclear and clarification is now awaited from the UK courts. In view of this uncertainty, no financial provision has been made in these accounts in relation to this matter.

26. **Reconciliation of Consolidated Operating Deficit to Net Cash from Operating Activities**

	1997	1996
	£000	£000
Deficit before tax	(960)	(890)
Depreciation	5,831	5,681
Deferred capital grants released to Income	(3,121)	(3,006)
Reimbursement of loan debt charges	-	(722)
Investment income	(2,120)	(2,277)
Interest payable	3,569	4,266
Decrease in stocks	35	5
(Increase)/decrease in debtors	(1,139)	1,243
Increase in creditors	3,832	189
Increase/(decrease) in provisions	509	(179)
Profit on sale of fixed assets	(44)	-
Discount on loan redemption	-	(154)
Other	-	(8)
	<hr/>	<hr/>
Net Cash Inflow from Operating Activities	6,392	4,148
	<hr/>	<hr/>

27. **Analysis of Changes in Consolidated Financing During the Year**

	<u>Finance Leases</u> £000	<u>Mortgage & Loans</u> £000	<u>Business Expansion Scheme Loans</u> £000
Balances at 31 July 1995	8,377	25,614	22,002
New leases/loans	222	-	1,139
Capital repayments	(207)	(10,306)	-
Net amount acquired/(repaid) in Year	15	(10,306)	1,139
Balances at 31 July 1996	8,392	15,308	23,141
New leases/loans	821	4,900	1,198
Capital repayments	(307)	(354)	-
Net amount acquired/(repaid) in year	514	4,546	1,198
Balances at 31 July 1997	8,906	19,854	24,339

28. **Returns on Investments and Servicing of Finance**

	1997 £000	1996 £000
Income from endowments	8	10
Income from short term investments	2,116	2,121
HEFCE interest reimbursement	-	722
Interest paid	(3,330)	(4,429)
	<u>(1,206)</u>	<u>(1,576)</u>

29. **Capital Expenditure and Financial Investment**

	1997 £000	1996 £000
Tangible assets acquired	(12,222)	(16,523)
Investment to meet BES obligations	(1,598)	(1,378)
Other	-	(149)
Receipts from sales of fixed assets	200	-
	<hr/>	<hr/>
	(13,620)	(18,050)
	<hr/>	<hr/>
Deferred capital grants received	3,227	12,603
Endowments received	16	3
	<hr/>	<hr/>
	3,243	12,606
	<hr/>	<hr/>
	(10,377)	(5,444)
	<hr/> <hr/>	<hr/> <hr/>

30. **Analysis of changes in Net Debt**

	1997 Consolidated £'000	Other Changes £'000	Cash Flows £'000	1996 Consolidated £'000
Cash at bank and in hand	(1,753)	-	711	(2,464)
Endowment bank balance	164	-	20	144
	<hr/>	<hr/>	<hr/>	<hr/>
	(1,589)	-	731	(2,320)
Debt due over more than 1 year				
BES	(24,339)	-	(1,198)	(23,141)
Long term loans	(19,449)	384	(4,900)	(14,933)
Obligations under finance leases	(8,567)	429	(821)	(8,175)
Debt due under 1 year				
Bank Loan	(405)	(384)	354	(375)
Obligation under finance leases	(339)	(429)	307	(217)
Short term deposits	11,554	-	(485)	12,039
	<hr/>	<hr/>	<hr/>	<hr/>
	(43,134)	-	(6,012)	(37,122)
	<hr/>	<hr/>	<hr/>	<hr/>

31. <u>Access Funds</u>	1997 £000	1996 £000
Funding Council Access grants	311	311
Interest earned	<u>5</u>	<u>6</u>
	316	317
Disbursed to students	(316)	(317)
Audit fees	NIL	NIL
	<u>NIL</u>	<u>NIL</u>

Funding Council grants are available solely for students, with the University acting only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

32. **Related Party Transactions**

The Governors have considered the requirements of FRS8 : Related Parties Disclosures which apply for the first time to these financial statements. The standard requires disclosure of, inter alia, transactions with related parties of the University.

In the normal course of business the University transacts with private and public sector organisations at certain of which Governors and senior managers of the University are directors, officers or partners. All such transactions are undertaken on an arm's length basis in accordance with normal agreements with customers and suppliers. The Governors do not consider that disclosure of transactions with such organisations is required under the standard because none of the Governors or senior managers, or members of their close family, have a controlling interest in the organisations in which they are employees or partners.

Nonetheless the Governors consider it appropriate to disclose transactions where, for example, a parent company directorship or partner status in a professional firm is involved. Those instances are as follows for the period covered by the Financial Statements:-

Mr Alan Bamford, a Governor, was until 31 January 1997 associated with Henry Boot and Sons Plc which undertook building construction work for the University. Payments during the year in respect of such work amounted to £1,001,195.

Mr Howard Culley, a Governor, was associated with Irwin Mitchell, Solicitors, which provided professional services to the University. Payments during the year in respect of such services amounted to £50,205.

Mr Quentin Thompson, a co-opted Governor, was associated with Coopers and Lybrand, Chartered Accountants, which provided professional services to the University. All such services were completely unconnected with Mr Thompson and were undertaken by a different part of the firm. Payments during the year in respect of such services totalled £112,075.

The University maintains a register of Governors' and senior managers' interests which is available for inspection at the University's Secretariat.

BOARD OF GOVERNORS

FOR THE YEAR ENDED 31 JULY 1997

W Norman Adsetts OBE (Chair)

Alan Bamford

Georgia Bright (Student Nominee July 1997)

W Angus Clark

Kenneth Cook

Howard Culley

Kenneth Edwards

Lorna Fitzsimons (resigned October 1996)

Richard France

Pamela Gordon

Susan Green

Richard Gregory

Cathy Hamlyn

Kerry Hughes (Student Nominee July - December 1996)

Zoe Hughes (Student Nominee January 1997 - June 1997)

Paul Jagger

Nicholas Jeffrey

Councillor Ted Jones

Pam Liversidge

Shahid Malik (Appointed 1 August 1996)

Jane Mardell

Mary Page (Student Nominee January 1996 - June 1997)

Phil Rhodes (Student Nominee July 1997)

J Michael Rodgers (Resigned March 1997)

John Stoddart (Principal and Vice-Chancellor)

Quentin Thompson