

**Annual report  
and financial statements**  
*for the year ended 31 July 2016*

# Sheffield Hallam University Annual Report and Financial Statements for the year ended 31 July 2016

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## Introduction to the Annual Report and Financial Statements from the Vice-Chancellor

This is my first Annual Report as Vice-Chancellor of Sheffield Hallam University. Since my arrival in January 2016, I have been hugely impressed with the pride that staff have in the University, with their hard work and their dedication. With outstanding staff and enthusiastic commitment, anything is possible.

Sheffield Hallam is one of the United Kingdom's largest universities. As a University of scale and ambition, we have a distinctive and important role in the region, creating opportunity and leading social, cultural and economic change. More than ever, through its teaching, research and engagement, Sheffield Hallam University is at the heart of the Sheffield City Region, driving growth, and quite literally shaping the skyline with award-winning buildings to host our exceptional students and staff.

Our performance in 2015/16 continues to be strong, maintaining a balance between widening participation and providing opportunities for disadvantaged and under-represented groups to access higher education, responsible recruitment which underpins our financial sustainability, and successful outcomes for our students.

The proportion of our recent graduates employed in professional or managerial-level jobs increased again this year, to 69%. Whether it be providing local people with the skills to lead public services, or training the next generation of talent to drive forward our growing digital and advanced manufacturing industries, Sheffield Hallam is performing strongly. We believe that our graduates have the skills needed to thrive and we will continue to ensure that our courses give students the skills, confidence, and resilience to succeed in their future careers.

Our research and innovation activity is a major part of what makes us a vibrant, diverse and distinctive university. Research income from HEFCE increased this year following our strong performance in the 2014 Research Excellence Framework (REF), in which 65% of our research was rated as world-leading or internationally excellent. We have carried out research with real-world impact, contributing to public policy, creating novel solutions in advanced manufacturing, and creative and digital sectors, and delivering a range of impressive innovations to improve public health and wellbeing. Our contribution will be further supported by the development of the Advanced Wellbeing Research Centre at Sheffield's Olympic Legacy Park, which will be the most advanced centre for physical activity in the world, tackling critical issues of static levels of physical activity and rising obesity. More generally, we have supported hundreds of businesses to improve the way they do things, and have helped them to deliver increased profit and secure jobs within the Sheffield City Region.

Our estate continues to develop, with two new iconic buildings opening in Sheffield City Centre this year. We opened our £32m flagship Charles Street building for the Sheffield Institute of Education. The Sheffield Institute for Arts has taken up residence in the restored former Head Post Office, providing a stunning creative space and a new cultural hub for Sheffield and the wider region.

Next year the £11m refurbishment of our Sheaf and Eric Mensforth buildings on our City Campus will be complete, which will provide world leading chemistry laboratories and a new atrium as part of an impressive new entrance to the University, close to Sheffield Station.

We have demonstrated strong financial performance despite the continued pace of change in the higher education sector and the wider economy. Income has increased by 3.5% to £266.5 million in the year to 31 July 2016, and we have achieved an operating surplus of £3.1million, representing 1.2% of our income. We are, without doubt, moving into more difficult and uncertain times, not least as the impacts of Britain's decision to leave the European Union become apparent. It is difficult to under-estimate the potential impact of Brexit on the UK's universities.

The environment in which Sheffield Hallam University now operates is not the same as that in which our 2015-2020 strategy was conceived. With this in mind, this year I am leading a wide-ranging refresh of our strategy, to consider the type of outward-looking university that we aspire to be in the long-term, and to create the right conditions for us to realise our commitment to leading change and creating opportunity.

## Introduction

Sheffield Hallam University is a university at the heart of its City. It grew from Sheffield. It has a long and proud history which dates back to the opening of two schools in the City in the nineteenth century which focused on design, technology and education respectively and later became the foundations for Sheffield City Polytechnic. We were granted university status in 1992 and became Sheffield Hallam University. At our heart remains a focus on the practical and the applied.

Our teaching and research is delivered through four faculties, which incorporate 18 academic departments and 18 research centres and institutes. Each faculty is led by a Pro Vice-Chancellor and Dean who is a member of the University Leadership Team:

- Faculty of Arts, Computing, Engineering and Sciences
- Faculty of Development and Society
- Faculty of Health and Wellbeing
- Sheffield Business School

### Taught portfolio highlights

We have a thriving student community, with over 31,000 students in 2014/15. Over 23,000 of our students are undergraduates and almost 8,000 are postgraduates. Something like a third of our students are themselves mature learners. We attract nearly 3,000 international students from 80 different countries. Almost 7,000 students studied business and management courses at the Sheffield Business School in 2014/15, making it one of the largest business schools in the country. A further 5,000 studied subjects allied to medicine, 3,000 studied biological sciences and 3,000 studied education. All this makes Hallam a major provider of new professionals across a range of disciplines.

We place a huge emphasis on offering the highest quality learning experience to our students and using that environment to inspire students to succeed. New provision for 2015/16 to support key industries and develop the leaders and managers of the future has included new undergraduate and postgraduate courses in oil and gas, coaching and mentoring, public health, physician associate studies, mental health, food engineering and data science. We continue to deliver post-registration Continuing Professional Development (CPD) courses for Health Education London and this year secured a contract to deliver our programmes for Health Education North East.

More than half of our courses are accredited by professional, statutory and regulatory bodies, including the Royal Institute of British Architects (RIBA) and British Psychological Society (BPS).

### Research portfolio highlights

Our researchers are committed to delivering research and innovations with real-world impact. In 2015/16, researchers from our Centre for Sports Engineering Research have worked with nine national sports governing bodies including British Athletics, British Cycling and British Canoeing, supplying performance data analysis software to help prepare our elite athletes for the 2016 Rio Olympics, and testing goal-line technology for the Euro 2016 football championships.

The National Centre for Food Engineering is being developed with the support of a HEFCE Catalyst grant and has the backing of over 40 companies including Mars, Nestle and Warburtons. The Centre aims to support growth in the food industry through improvements in manufacturing technology and staff capability, which is helping to keep the UK's largest manufacturing sector at the forefront of this global industry.

The Advanced Wellbeing Research Centre (AWRC) is planned to open in 2017. Set to become the most advanced research and development centre for physical activity in the world, the AWRC will form the centrepiece of Sheffield's Olympic Legacy Park – a collaboration between Sheffield Hallam University, Sheffield Teaching Hospitals NHS Foundation Trust and Sheffield City Council. We will collaborate with partners in the private sector to create 'innovations that help people move' to encourage and enable people to be more active and adopt healthier lifestyles. This work will meet national and international public health challenges caused by physical inactivity, resulting in improved quality of life and a reduction in healthcare costs. The Centre will have a direct link with the National Centre for Sport and Exercise Medicine which will generate the need for innovations and act as a test ground for new products.

In our internationally renowned Materials and Engineering Research Institute (MERI), our scientists and engineers work with businesses to solve industrial problems, which has generated over £95 million in increased profit for those companies.

### **Internal context**

This has been a year of change in senior leadership at the University, with Professor Philip Jones retiring as Vice-Chancellor after eight successful years, in December 2015. During his tenure, overall undergraduate student satisfaction in the National Student Survey (NSS) increased by five percentage points, and overall satisfaction in the Postgraduate Taught Experience Survey (PTES) increased by 16 percentage points. Professor Chris Husbands, former Director of the Institute of Education and formerly Vice Provost at University College London, joined us as Vice-Chancellor, in January 2016.

Other senior staff changes included: the departures of our Deputy Vice-Chancellor, Professor Liz Barnes to take up a position as the Vice-Chancellor of Staffordshire University, and Tracey Lancaster, Director of Corporate Affairs, to become Deputy Vice-Chancellor of Leeds Beckett University.

Our new Vice Chancellor has begun to develop ambitious plans for the University, setting out the journey we need to go on to take us from being a good university to a great one, including the creation of some new executive leadership roles to help prepare the University for the opportunities and challenges that lie ahead. These include the appointment of a Pro-Vice-Chancellor for Student Experience; the enlargement of the current Faculty PVC Dean roles to each include a University-wide portfolio whilst continuing to lead their faculties; and the appointment of a Chief Operating Officer, and Chief Finance and Planning Officer; the senior team will be refreshed during 2016/7.

### **External context**

We operate at a time of rapid change in the higher education sector. The 2016 Higher Education and Research Bill sets out the government's plans for changes to funding, regulation, quality monitoring including the introduction of a Teaching Excellence Framework, and mechanisms for more rapid market entry and exit, which represent the biggest set of changes to the sector in over 20 years. Reforms to healthcare and teacher education announced this year are anticipated to have a significant impact on these areas of the University's provision, which together account for around a quarter of our current students. The Vice-Chancellor has been appointed by the Minister for Universities and Science as the first chair of the Teaching Excellence Framework.

The impact of the decision to leave the European Union as a result of the UK-wide referendum in June 2016 cannot be underestimated. The University welcomes staff and students from the EU, who make contributions to our institutional diversity and to the richness of our teaching and research. We have been successful in recent years in securing EU research grants for prestigious projects through the Horizon 2020 programme, and funding for major capital projects such as the Advanced Wellbeing Research Centre (AWRC) through the European Regional Development Fund.

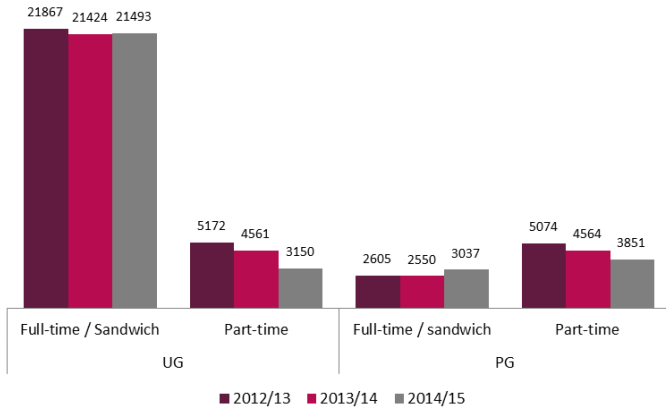
Taken together, the Higher Education and Research Bill and Brexit mean a fundamental change in our operating environment and will test our adaptability and resourcefulness. But we have also been taking a longer-term view of the drivers shaping the University's future, assessing what we deliver, and how we do so, for the benefit of our past, present and future students, staff and partners within the Sheffield City Region and beyond.

## Sheffield Hallam in Numbers

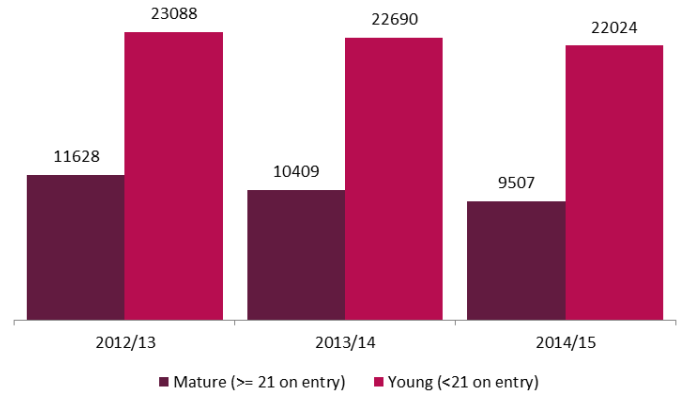
### Student Profile 2012/13-2014/15

The Higher Education Statistics Agency (HESA) is the official agency for the collection, analysis and dissemination of quantitative information about higher education in the UK. We are able to present information on our student profile as reported to HESA for periods up to the year ended 31 July 2015 in this Annual Report as the data for 2015/16 will not be published until early 2017.

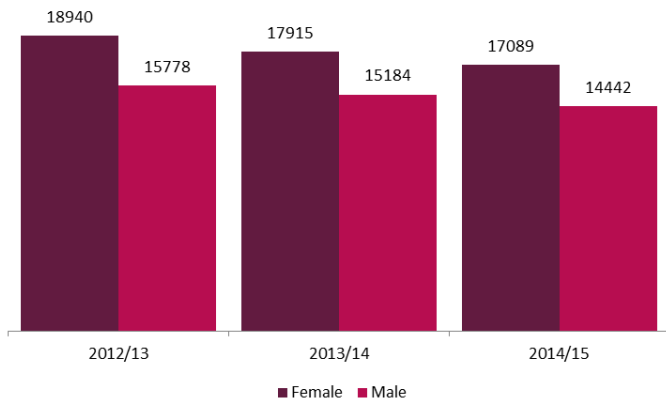
#### Level and mode of study



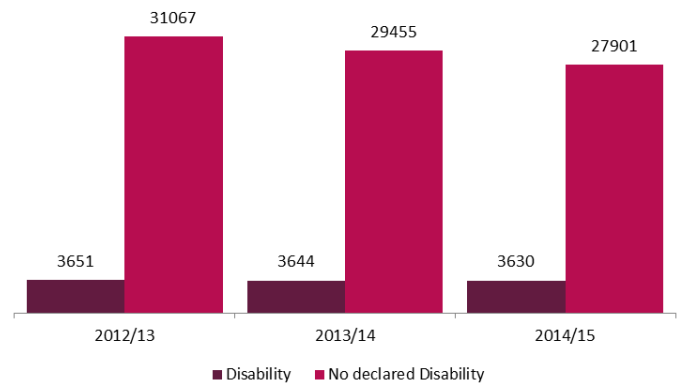
#### Age on entry



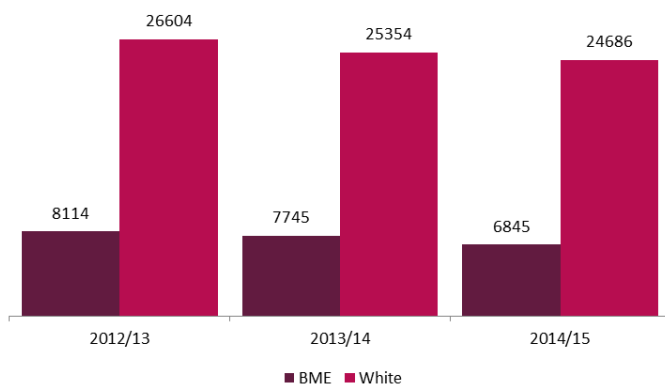
#### Gender



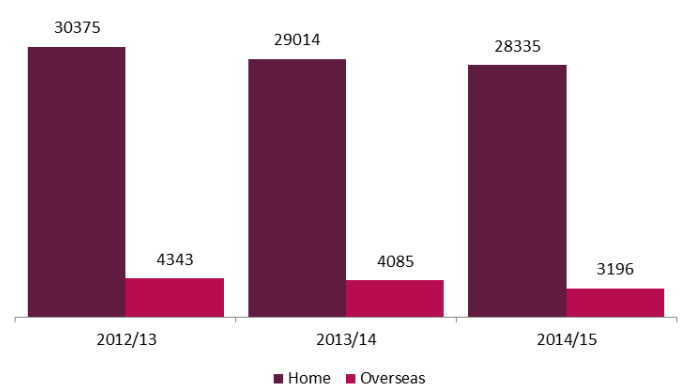
#### Disability



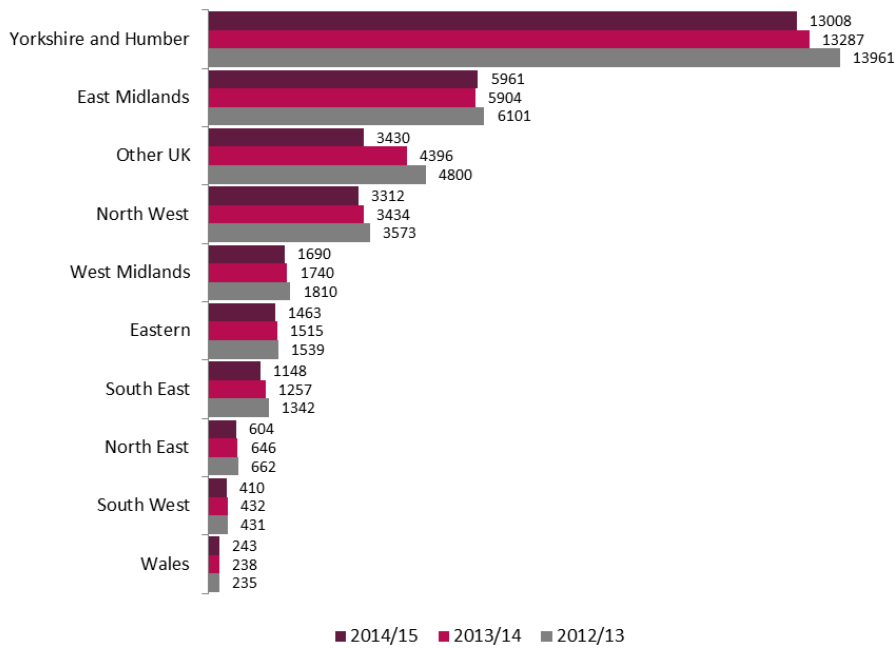
#### Ethnicity (home students)



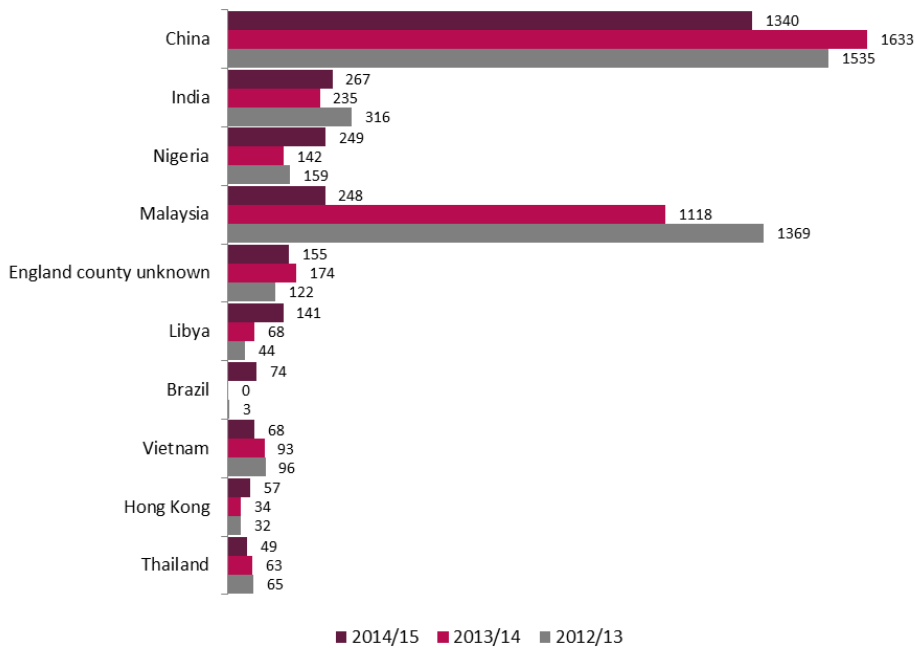
#### Domicile



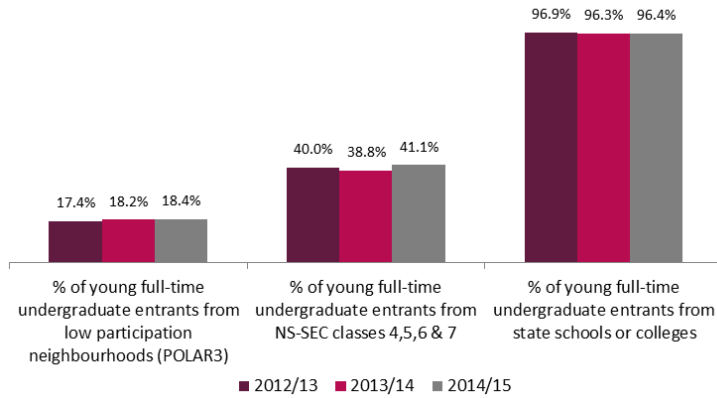
## Top 10 Regions of Home Students



## Top 10 Countries of Overseas students

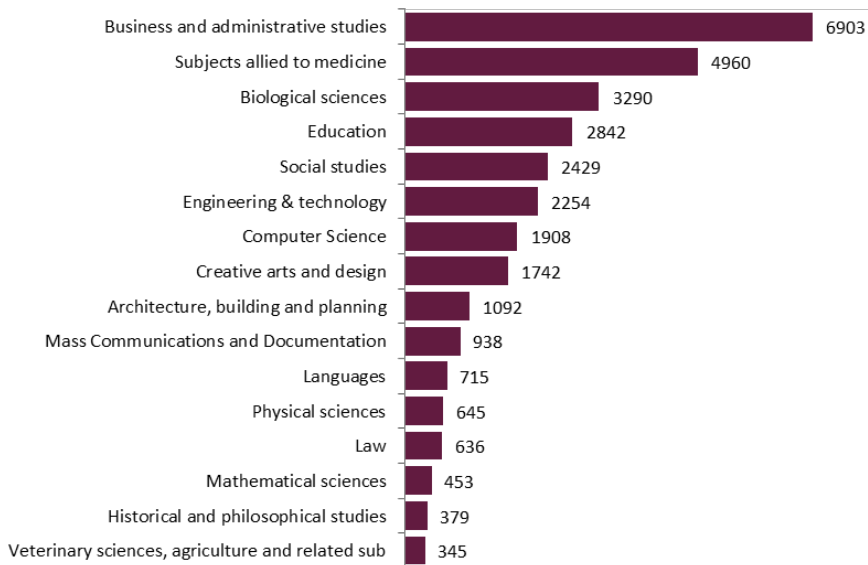


## Widening Participation:



## Academic Profile:

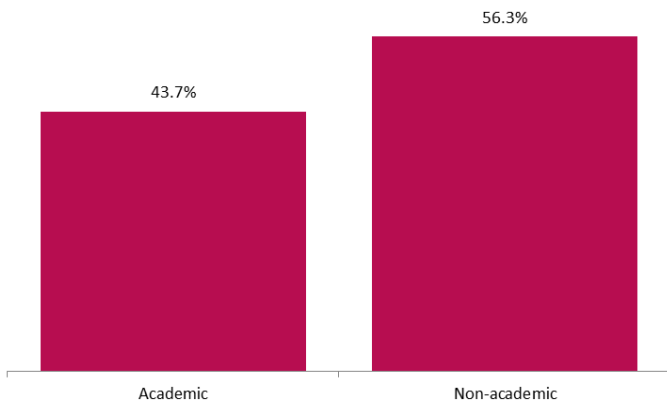
### STUDENTS IN EACH SUBJECT AREA (2014/15)



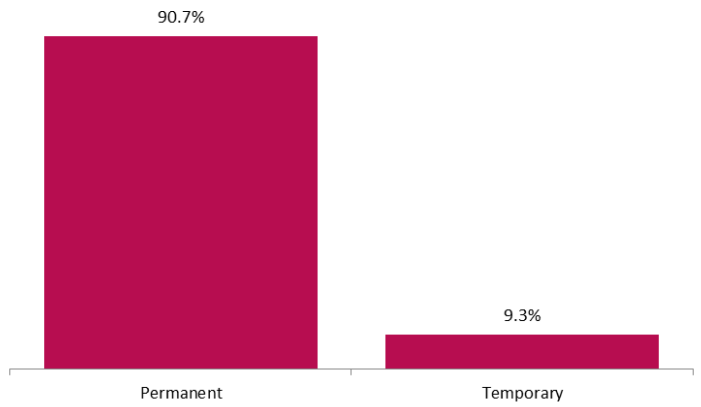


Staff Profile as at 31 July 2016:

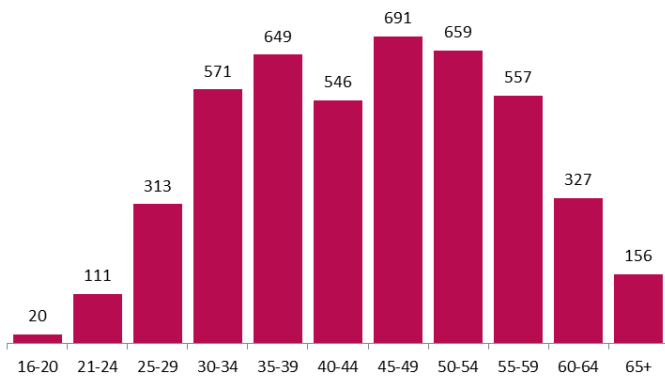
Employment type



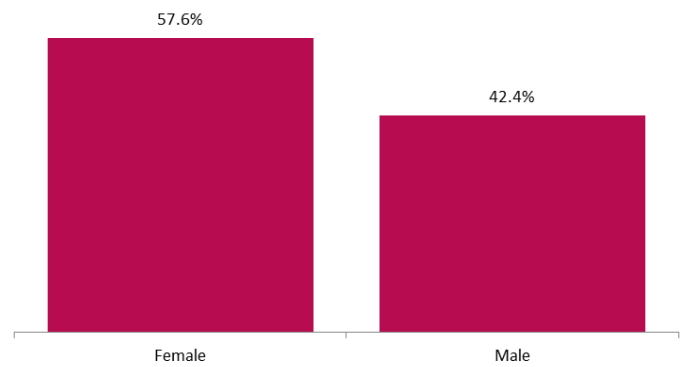
Terms of employment



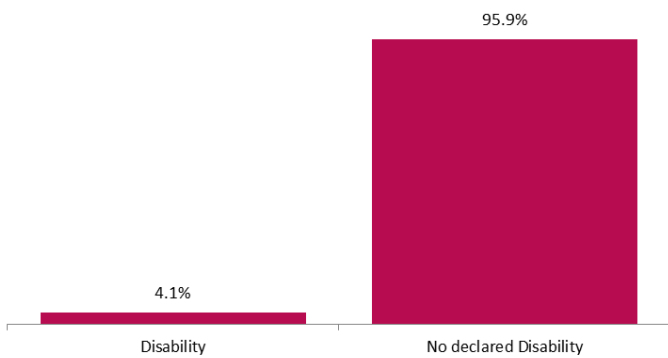
Age



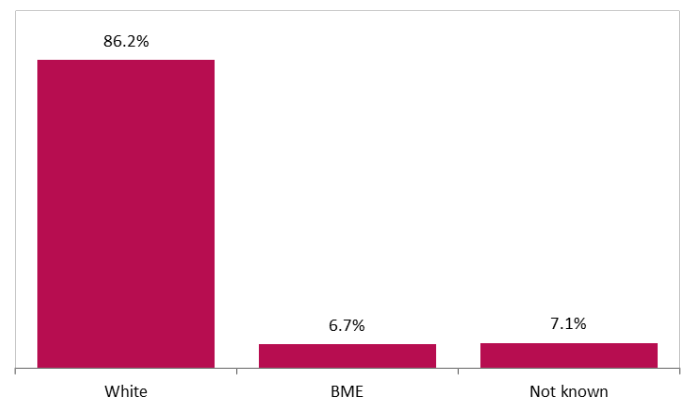
Gender



Disability



Ethnicity



## Strategic Priorities and Performance

The University agreed its 2015-2020 strategy in Autumn 2014, which has shaped our work in 2015/16. However, it has become increasingly clear that with new leadership and new circumstances, the 2015-2020 strategy does not provide us with a sufficiently clear route map for the future. We are currently refreshing our strategy. Nonetheless it is the 2015-2020 strategy on which we report here.

### Our ambitions

#### Delivering an excellent educational experience

- We aspire to be one of the best universities for the quality of our teaching and learning, excelling in programmes that are academically challenging with an emphasis on professional practice.
- Our students will have an excellent educational experience.
- Through our learning and teaching they will be stimulated, presented with new challenges and perspectives and supported to succeed.
- Their student experience will be underpinned by excellent support services and facilities. Our students will experience digital resources and technologies that support their academic, professional and social development.

#### Expanding horizons

- The value that we add to the futures of our students will be recognised as the distinguishing factor in the Sheffield Hallam experience.
- We will raise aspirations to participate in higher education and expand the horizons of our students as they progress through their studies and into their chosen careers.
- We will enable our graduates to realise their full potential and to make a positive contribution to a global society and economy. This will be underpinned by strong national and global partnerships.

#### Building on our strengths in research and innovation

- Our research performance in our areas of strength will achieve the highest international standing.
- Through our research and innovation we will address important social and economic challenges and make contributions that have benefits in regional, national and international spheres.
- We will be sought after by partners in business, industry, the professions, government and charities to create and transfer knowledge, develop practical solutions, and add value to their activities.

#### Being a sustainable University

- To achieve our vision and ambitions we must be a sustainable university - academically, financially, socially and environmentally.
- In order to flourish in a competitive and globalised higher education market we will exploit opportunities that the new environment for higher education may bring. This will require us to be agile and responsive and to be able to focus our efforts to maximise their impact.

## Strategy Delivery

To help the University to achieve its ambitions, adapt to a changing higher education environment, and secure its long-term future we continue to implement the University Performance Framework which provides a consistent set of measures at University, faculty and academic department-level to support performance monitoring and inform decision-making. Our approach to risk management is embedded within the University Performance Framework and enables us to identify risks to achieving our ambitions, and put in place actions to mitigate the likelihood and / or impact of these risks materialising.

### Key Performance Indicators

#### Our vision

Key Performance Indicator	2013/14	2014/15	2015/16
Top 50 rank in the Guardian League Table	73	74	86
Top 50 rank in the Times League Table	62	72	79

#### Our ambitions

- Delivering an excellent educational experience

Key Performance Indicator	2013/14	2014/15	2015/16
Overall satisfaction in the NSS	86%	85%	84%
Overall teaching satisfaction in the NSS	86%	87%	86%
Teaching satisfaction in PTES	82%	83%	85%
% of academic staff with teaching qualifications	71%	77%	N/A
Full-time Degree progression and completion rates: Year 1 to 2	84%	82%	N/A
Year 2 to 3	89%	90%	N/A
Year 3 to 4	90%	92%	N/A
Year 4+	96%	97%	N/A

- Expanding horizons

Key Performance Indicator	2013/14	2014/15	2015/16
% of full-time degree graduates in professional / managerial employment	58%	67%	69%
% of full-time degree graduates in work or further study	94%	93%	93%

- Building on our strengths in research and innovation

Key Performance Indicator	2013/14	2014/15	2015/16
% of 3* or 4* rated submissions in REF and number of submitted staff	N/A	65% 226 FTE	N/A
Total research income* (£000)	8,499	7,491	7,501
HEFCE QR research grant* (£000)	3,912	3,910	4,502
Total knowledge transfer income* (£000)	4,514	4,014	3,764

\* extracted from management information

- Sustainable university

Key Performance Indicator	2013/14	2014/15	2015/16
Enrolled students vs target (new Year 1 students)	+544	+781	+127
Operating surplus*	5.6%	0.0%	1.2%
Cash generation from operating activities (£m)**	17.8	19.7	25.7
Staff costs as a % of income***	60.6%	62.6%	61.5%
% of staff who recommend Sheffield Hallam as a good place to work	N/A	75%	N/A

\* Surplus/(deficit) before other gains losses and share of operating surplus of joint ventures and associates as reported under 2015 SORP for 2014/15 and 2015/16 (2007 SORP for 2013/14)

\*\* cash generation from operating activities is the operating surplus before exceptional items, interest, movements in pension provisions, depreciation and the release of deferred capital grant income

\*\*\* excluding restructuring costs

## Financial Strategy and Performance

These are the University's first financial statements prepared in accordance with the Statement of Recommended Practice: Accounting for Further Higher Education (2015 SORP) and Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). In preparing its statement of financial position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP).

The restated results for the year ended 31 July 2015 show a deficit of £0.8m, this was reported as a surplus of £7.7m under the old basis of accounting. The transition to FRS 102 reduced our reported surplus for the year by £8.5m in 2015, principally as a result of changes in accounting for fixed assets and pension liabilities. Net assets and reserves as at 31 July 2015 were increased by £62.6m on transition. A detailed explanation of how the transition to FRS 102 and the 2015 SORP has affected the University's financial position, financial performance and cash flows is set out in note 30 to the financial statements.

The University has continued to implement the University Strategy 2015-2020 during the year, which includes financial sustainability in its priorities. The results for the year ended 31 July 2016 show the University had a successful year generating a surplus for the year of £3.1m under FRS 102, demonstrating a strong financial performance in a period of ongoing change and uncertainty in the Higher Education environment.

### Surplus

The operating surplus for the year of £3.1m represents 1.2% of income (2015: a deficit of 0.0%).

Staff costs as a % of income have decreased from 63.5% to 62.6% (and from 62.6% to 61.5% excluding restructuring costs).

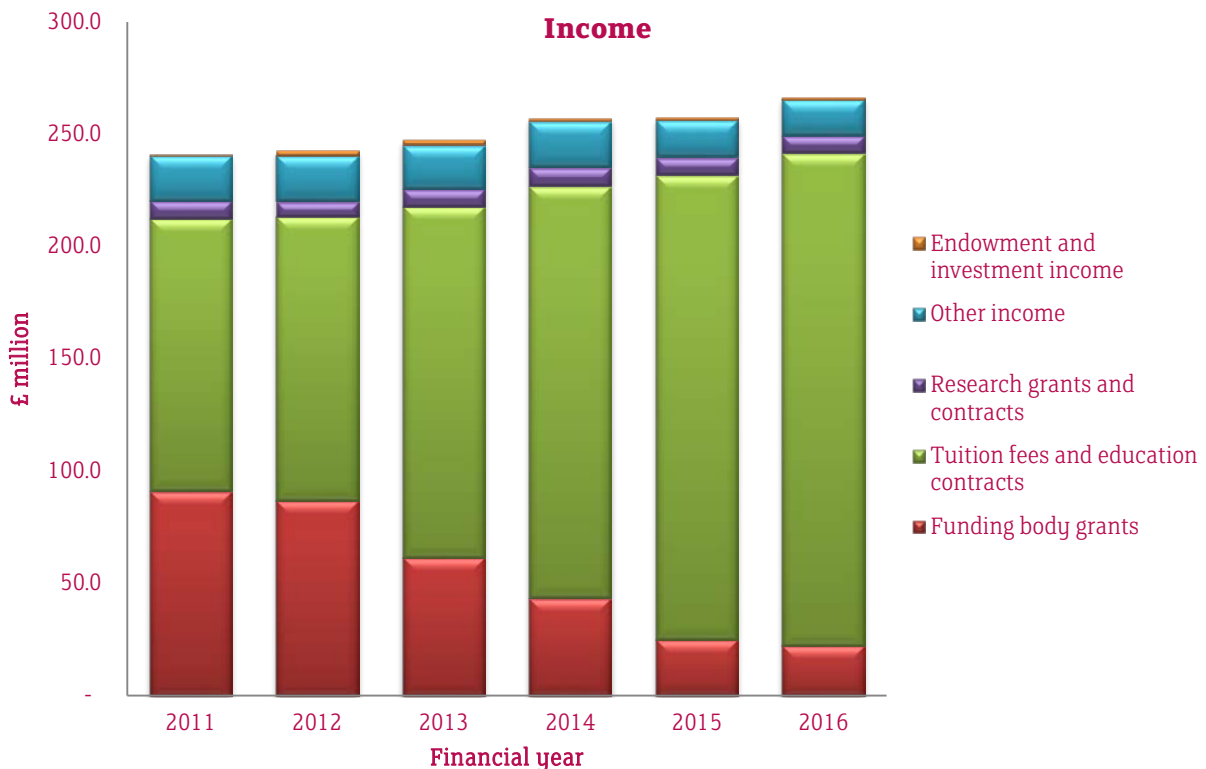
Other operating expenses have also decreased as a % of income from 27.4% to 26.6%.

Depreciation has, however, increased from 7.0% to 7.5% of income year on year.

Interest and other finance charges are consistent year on year as a % of income.

### Income

Income has increased by 3.5% to £266.5m (2015: £257.5m).



This is the fourth year since the change to the student funding regime, resulting in a continued reduction in funding body grants and an increase in income from tuition fees. Tuition fee income has increased by 6% to £219.2m compared to 2014/15, and by 73.2% since the change was introduced in 2011/12. Tuition fees now represent 82.3% of the University's total income.

Overall student numbers of over 31,000 were consistent with 2014/15 (a marginal increase of 0.9%), following a 4% decrease reported last year. The University faces increased competition from other providers, including those not traditionally seen as our direct competitors, combined with demographic decline and changing applicant behaviour. Market conditions for international students have proved to be increasingly challenging. The University has well developed recruitment strategies in place and our focus is also increasingly shifting to student retention. We are continuing to develop our holistic student support model whereby on course support is provided in faculties, complemented by specialist support services for students experiencing particular difficulties at any point in the student lifecycle.

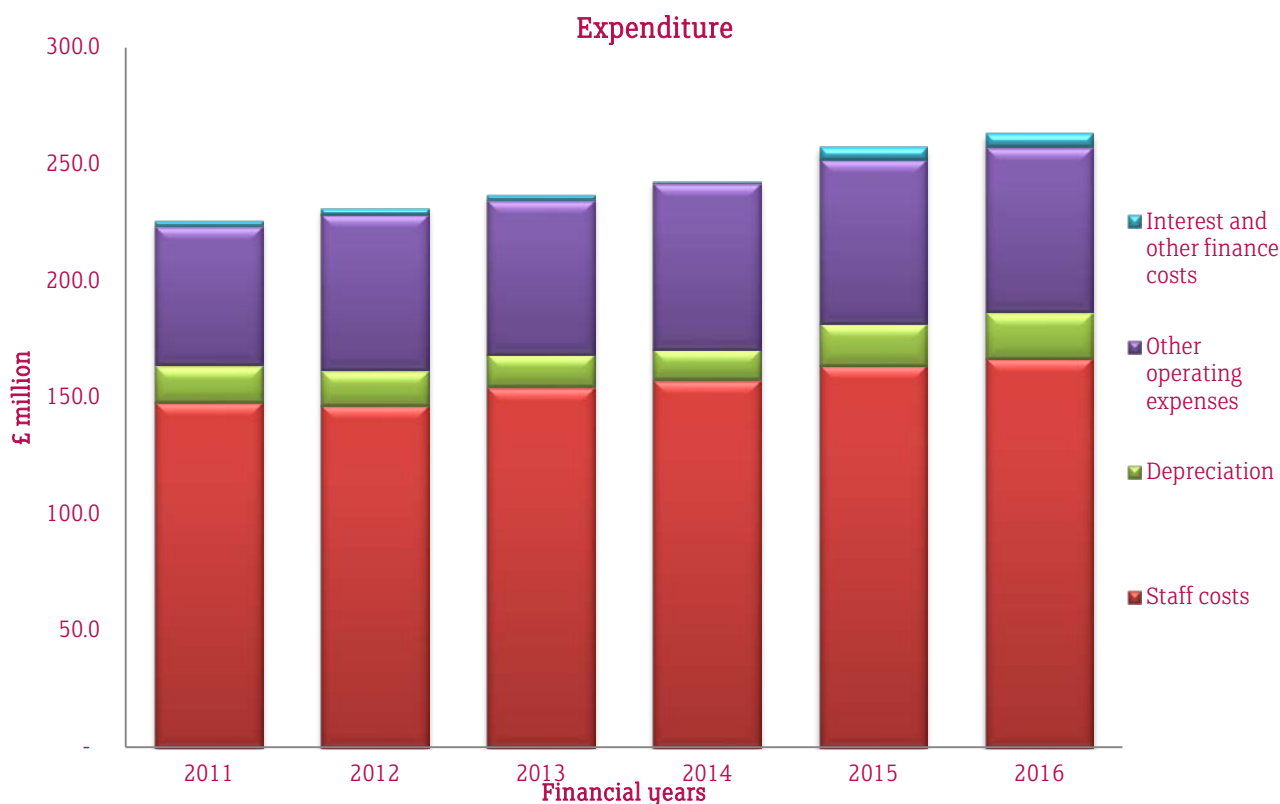
Overseas income has reduced by 10.4% to £24.8m (2015: £27.7m), largely due to a reduction in students from Tunku Abdul Rahman University College (TARUC) but the University is continuing to put actions in place to address this and to diversify its international student body.

Research grants and contract income for the year is consistent year on year at £7.9m. There has been a reduction in research funded by EU government and other EU organisations of £0.7m, but this has been offset by increases from UK government & local authorities, research councils and UK charities.

Other income has decreased by 3.4% to £15.8m (2015: £16.4m). This represents a reduction in income from residences of £0.5m due in part to a reduction in the number of students from TARUC.

## Expenditure

Expenditure increased during the year by 2.2% to £263.4m (2015: £257.6m).



Whilst wages and salaries costs have reduced slightly by £0.2m to £130.5m (following a reduction in staff numbers), the University has seen an overall 1.9% increase in staff costs from £163.6m to £166.7m. The increase reflects a £1.9m increase in employer pension costs (as a result of increased employer pension contribution rates), a £0.9 million increase in employer national insurance contributions (following the implementation of the state pension reform in April 2016) and £0.4m in higher restructuring costs. Staff costs as a % of income have decreased from 63.5% to 62.6%. The University Strategy acknowledges the need to reduce the staff cost percentage, despite upward cost pressures, to ensure continued financial sustainability and further work is being done in this area to counteract the external cost pressures.

Other operating costs have increased slightly by 0.6% to £70.9m (2015: £70.5m). Included within this movement is a decrease of £2.7m in student grants and expenses due to the National Scholarship Programme (which was part funded by the Government) coming to an end. Increases in other areas of spend include £0.7m in building contractor costs, £0.7m in payments to schools (relating to an increase in postgraduate NCTL students) and £0.6m in professional costs. A range of short-term measures focussed on cost reduction are in place for 2016/17, supplementing long-term financial management controls.

Depreciation for the year has increased by £1.9m to £20.0m, reflecting the impact of continued investment in the University's estate. The depreciation charge is significantly higher under FRS 102 (current and prior year) compared to the old basis of accounting as a result of a revaluation of the University's land and buildings.

Interest and other finance costs are £5.8m which is £0.4m higher than last year. Loan interest is consistent at £2.3m. Finance charges on pension schemes have increased by £0.3m to £3.5m. The pension finance charges are higher under FRS 102 (current and prior year) than the old basis of accounting and reflect increased net liabilities in the University's pension schemes.

### **Capital expenditure**

During the year, the University has undertaken a number of significant capital projects, investing £32.4m (2015: £36.2m). Key projects include the Charles Street development for the Sheffield Institute of Education which was completed in spring 2016 and the development of an enclosed walkway development between the Sheaf Building and the Eric Mensforth Building which is currently being undertaken, and which will support our Engineering and Chemistry provision.

The capital expenditure has been funded by internally generated funds and £5.5m of capital grant income received in the year.

### **Cash and borrowing**

The University continues to generate significant cash from its operating activities with a net cash inflow of £25.7m (2015: £19.7m). These cash surpluses have been used to fund the University's capital programme.

The unsecured loan balance at the year-end is £69.1m (2015: £71.6m). Interest is charged at a fixed rate on £38.1m (2015: £39.0m) and at a variable rate on the remaining £31.0m (2015: £32.6m).

The new statement of cash flows under FRS 102 reports an increase in cash and cash equivalents of £14.7m to £78.0m, after withdrawals of short term deposits of £17.0m. Overall net funds (cash plus short term deposits less borrowings) have increased by £0.2m to £43.9m.

### **Balance sheet**

The University balance sheet has changed significantly under FRS 102 but remains strong with net assets of £164.9m (2015: £200.7m). The decrease in net assets of £35.8m is significantly impacted by the £38.9m actuarial loss on the Local Government Pension Scheme (LGPS), which is treated as a defined benefit scheme.

The actuarial loss on the LGPS pension scheme results from changes in actuarial assumptions and is recorded in Other Comprehensive Income in the Statement of Comprehensive Income under FRS 102 (previously recorded in the Statement of Total Recognised Gains and Losses under the old basis of accounting). A fall in the discount rate to 2.6%, compared to 3.8% last year has driven an increase in the net pension liability in the scheme and reflects the falling market yield of high quality corporate bonds following the Brexit decision. The LGPS pension provision represents the present value of the future obligations over and above the value of the fund's assets.

Pension liabilities and provisions overall have increased by £43.9m to £137.4m. In addition to the £38.9m actuarial loss on the LGPS scheme, there is a further increase in the LGPS provision of £4.8m for finance costs (£3.5m) and service costs in excess of contributions paid in the year (£1.3m).

Other movements in net assets include an increase of £12.4m in tangible fixed assets, due to the capital investment programme, offset by a £1.3m increase in deferred capital grant income and an increase in other provisions of £2.3m related to obligations on leased properties.



## Delivering an excellent educational experience

### High quality and popular programmes

We are one of the largest universities in the country by student numbers, with over 31,000 enrolled students from over 80 countries. We offer a wide portfolio of undergraduate, taught postgraduate, doctoral, and continuing professional development courses. We deliver full-time, part-time and distance learning provision at home and internationally. Our Massive Open Online Course brand, SHOOC, continues to develop, and we have now delivered three SHOOCs to over 3,000 participants from 50 countries. In 2015/16, we received funding from the Skills Funding Agency to deliver 240 Higher and Degree Apprenticeships, the highest allocation of any university in the country. We are currently offering Higher and Degree Apprenticeships in engineering, business and management, facilities management and construction with these programmes developed in conjunction with major employers including Kier, Balfour Beatty, JCB, Nestle and Barratt Homes.

The University received almost 38,000 UCAS Home / EU applications for full-time undergraduate courses commencing in 2015/16, and over 7000 applications for full-time postgraduate courses commencing in 2015/16.

We keep our undergraduate and postgraduate taught portfolios under regular review to ensure that our provision remains relevant, academically strong, and popular within the increasingly competitive higher education marketplace through an annual strategic and academic portfolio planning process. This year, we have undertaken in-depth reviews of the business and management, communications, environment, sport, and wellbeing and clinical practice portfolios, using a consistent and robust set of market and quality indicators. These reviews were designed to take a medium to long-term view of the health of our academic portfolio, and outcomes will inform planning for future years.

A key measure of the educational experience of our students and the quality of our courses is the National Student Survey (NSS), for which the University has a target to achieve an upper quartile position within the sector for overall satisfaction. Our results for students graduating in 2015/16 show that overall satisfaction decreased by one percentage point to 84%. Excellent results were achieved in some areas, with several courses and departments achieving overall satisfaction rates well above 90%, including in Allied Health Professions, Biosciences and Chemistry, Education, Childhood and Inclusion, Psychology, Sociology and Politics, Service Sector Management, and Sport. Satisfaction with teaching decreased by one percentage point to 86%. Satisfaction with learning resources continues to be the University's strongest performing area, where satisfaction increased by one percentage point on the previous year's result to 90%.

We also participate in the Postgraduate Taught Experience Survey (PTES). Our results for 2015/16 show that overall satisfaction with the quality of postgraduate taught courses increased by one percentage point, to 86%. Satisfaction with the quality of teaching and learning is 85%, an increase of two percentage points on the previous year's result, and placing us within the upper quartile for the sector.

### Outstanding teaching

Our Learning and Teaching Strategy is focussed on ensuring that our academic staff, and those who support teaching, are of the highest quality and expertise, and are supported to build their capabilities to the full, stimulated through their engagement with professional practice, research and scholarship.

The Digital Strategy centres on the use of technology to enable us to teach and learn in new and innovative ways to enhance the student learning experience, and to improve the efficiency and effectiveness of what we do.

2015/16 was the sixth successful year of the University's Inspirational Teaching Awards. Almost 5,000 students nominated close to 1,500 staff as being an inspirational teacher, an inspirational research supervisor, or for providing outstanding student support. Our awards scheme is one of the most successful in the UK, with the number of students engaging in the awards significantly higher than in many other university award schemes. All nominations were assessed by a selection panel which included student representation. The University awarded 26 Inspirational Teaching Awards, four Inspirational Research Supervisor Awards and two Awards for Outstanding Student Support. Three of our lecturers were given Vice-Chancellor's Awards and received special recognition for having received Inspirational Teaching Awards on three separate occasions.

## Expanding Horizons

### Raising aspirations and supporting success

Sheffield Hallam University has an excellent and sustained track record in recruiting students from a wide range of backgrounds, and supporting them to succeed on their course and beyond, through our high-quality academic and student support services.

We work in partnership with more than 100 schools, colleges and charities within the Sheffield City Region to raise aspirations and educational attainment and improve progression rates into higher education, through an impressive programme of outreach activity. We have placed our student teachers in more than 600 schools within the region, and are working with our partners to address educational inequality and improve outcomes.

In 2014/15, of our new, young, full-time undergraduate UK-domiciled students:

- 96% were from state schools or colleges (compared to 96% the previous year) against external benchmark of 95% and sector average of 90%
- 41% were from National Statistics Socio-Economic Classification (NS-SEC) social classes 4-7 (compared to 39% the previous year) against benchmark of 39% and sector average of 33%
- 18% were from low-participation neighbourhoods (compared to 18% in the previous year) against benchmark of 13% and sector average of 12%

A higher proportion new students at Sheffield Hallam University continue with their studies after their first year, and a higher proportion are projected to go on to achieve their degree than the benchmarks set by HEFCE and the sector average. This further illustrates the University's reputation of maintaining an inclusive student community whilst supporting good rates of academic achievement.

Our Retention and Student Success Framework will be reviewed in 2016/17, supported by a set of module and course performance indicators to enable us to assess continued progress in this area.

The University provides many support services for students including:

- Student Support Centres at our City and Collegiate sites
- Dedicated Student Services teams located in each of our four faculties
- Financial support and advice on bursaries, scholarships and other student funding
- A Student Support Fund designed to address immediate hardship, valued at £1million in 2015/16
- A Student Wellbeing Service, including multifaith Chaplaincy
- An International Student Support Service, including a free University English Scheme for all enrolled students
- Tailored support for care leavers, students with caring responsibilities, and mature students
- A Matrix-accredited Careers and Employability Service
- Graduate support for up to three years after graduation
- Accommodation services, an OFSTED-registered nursery and Distance Learner Support Service (DLSS)

### Opening opportunities

We aim to offer programmes that are informed by research and scholarship and which meet the demands of professional practice. Ensuring that students and sector employers are involved in curriculum design is a key priority for our four faculties.

Over half of our undergraduate programmes include integrated practice or work placement opportunities. Personal development and career management skills are now firmly embedded within curricula across the University.

In 2016, we launched the Sheffield Hallam Internship Scheme, providing funding for up to 100 students to take up internship opportunities during their summer break with national and local businesses. The University funds the internship and provides financial support to students to cover travel and living costs.

The RISE Sheffield scheme is a partnership between the city's universities, Sheffield City Council and others, specifically aimed at helping local small and medium-sized enterprises (SMEs) recruit Hallam graduates into paid

placement roles. In 2015/16, we placed the second cohort of graduates, and aim to build on the success of the first year, where 85% of interns secured permanent positions with their placement host, which included manufacturing firms, charities, IT companies, social enterprises, accountants, and many other businesses.

Other careers, employability and enterprise services available to our students and recent graduates include:

- individual support from a team of Careers and Employability advisers with a subject-specific portfolio
- Career Impact Scheme
- Career Mentoring Scheme
- access to online resources and job vacancies and internship opportunities
- one-to-one business expert advice
- enterprise start-up grants and funding
- co-working and incubator space within The Hatchery, our business start-up centre
- workshops and networking events

A key measure of the employability of our graduates is the Destination of Leavers from Higher Education (DLHE) survey, which asks graduates about their employment situation six months after they graduate and for which the University has a target to achieve an upper quartile position for the proportion of our first degree graduates in professional or managerial employment. Our results for 2016 (which reflect the outcomes for 2014/15 graduates) show that:

- 93% of our full-time first degree graduates were in work or further study, the same proportion as in 2015
- 69% of our full-time first degree graduates who were in work were in professional/managerial employment compared to 67% in 2015
- 10% of our full-time first degree graduates were in further study, compared to 8% in 2015
- Of all our graduates in employment who declared their salary, the largest proportion (35%) said they were earning £20,000 - £24,999, compared to 31% in this earning bracket in 2015

We have recently introduced a University Student Engagement Framework that provides structure and support for student engagement activities across the University, recording and recognising student achievement and contribution. Further developments planned for 2016/17 include the introduction of a University Student Award Scheme.

Our students have enjoyed success in diverse fields in 2015/16, and have won, or been shortlisted as finalists in several national award schemes including student volunteering, enterprise, art and design, engineering, film and television scriptwriting and nursing.

## **Building on our Strengths in Research and Innovation**

### **World-leading and internationally excellent research**

To build on the University's success in the Research Excellence Framework (REF) 2014, where 65% of our submitted research was rated as world-leading or internationally excellent, the University has commenced its preparations towards the next REF through the regular assessment of research. The first exercise took place in autumn 2015 with the aim of providing the University with an early indication of the quality of research outputs and impact. The exercise also aimed to identify the support and development needs of staff to maximise their research potential and to identify potential impact case studies to be developed.

The University strives to undertake research of the highest quality and integrity. As part of the University's ambition to increase research excellence, the University introduced a policy of peer support and review for research grant applications in 2015/16. The overarching aims are to raise proposal quality and increase success rates; share best practice with colleagues, especially to benefit early career staff and to further build our research and innovation reputation.

### **A culture of ambition and achievement**

In September 2015, the University, in collaboration with eleven other universities from the University Alliance accepted its first cohort of students in the Doctoral Training Alliance (DTA) in Applied Biosciences for Health. The DTA was developed in response to industry needs and aims to deliver highly employable researchers with knowledge, expertise and skills in a growth sector for the UK.

Following on from this success, a second Doctoral Training Alliance in Energy will welcome its first PhD students in October 2016, with students based at one of 12 Alliance universities nationwide.

As well as enjoying world-class facilities, supervisors and support at their home institution, DTA research students will be able to access a broader professional online community where they can collaborate with each other, share knowledge, and benefit from the extensive reach of the Doctoral Training Alliance.

### **Research Funding**

As a result of our strong performance in the REF, in 2015/16 our HEFCE research grant increased by 15% on the previous year. We received £4.5 million from HEFCE in quality-related (QR) research funding, which has been used to support areas of research excellence, as well as supporting emerging areas of research capability.

We were awarded 39 research grants in 2015/16 with an income of £2.6 million, compared with 31 grants in 2014/15 with a value of £3 million.

The University has had particular grant success from regulated funders this year with prestigious UK funders including the Research Councils (AHRC, MRC, BBSRC and EPSRC); Innovate UK and UK Charities (Wellcome Trust, Leverhulme Trust, Burdett), for projects ranging from improving the healthiness of food by reducing fat and salt in ready meals, with the aim to deliver better consumer health, to focusing on coronary heart disease, recognised to be the cause of death for 80% of people with diabetes, and to aiming to improve maternal and infant health and nutrition in Indonesia.

Grants have also been secured through the European Commission's Horizon 2020 programme bringing our total number of grants since the launch of this programme to five, securing £1.4 million of income for the University and engaging with 54 partners.

Contract research represents a significant and varied programme of research and innovation activity at Sheffield Hallam. We secured 127 research contracts in 2015/16, with an income of £2.2 million. Our clients in the year to 31 July 2016 have included the British Council, National Trust, Oxfam and NHS England.

### **Knowledge Exchange**

The University had a portfolio of 17 Classic and 2 Short Knowledge Transfer Partnerships as at 31 July 2016, generating an income of £797,000.

This year we've provided consultancy services to companies including Nike, Toyota, Rolls Royce and Gu Puds, and public sector bodies including the Cabinet Office, Sport England and Guys and St Thomas Hospital, generating income of over £2.7 million.

In 2015/16, we received £1.1million Higher Education Innovation Fund (HEIF) funding from HEFCE. Following a full evaluation of our HEIF strategy in 2014/15 this continues to be used to:

- Prioritise and support calls for Innovate UK funding and related 'innovation' funds.
- Invest in key strategic projects and initiatives such as the National Centre of Excellence in Food Engineering, the Advanced Wellbeing Research Centre, and Impact Fellowships
- Invest in the University's new 'Innovation for Growth Programme' for SMEs, which will build on initial investments from HEIF and regional funds to form part of the University's long-term strategy for engaging businesses in research and innovation. The Sheffield Hallam Innovation Programme (SHIP) will work in partnership with the Local Enterprise Partnership's (LEP) Growth Hub.

## Sustainable University

### Estate

The University's estate includes Grade 2 listed buildings built in the 1850s as well as brand new, state of the art facilities at our City Centre and Collegiate Crescent sites.

Our aim is to provide a high quality, sustainable estate that supports the development of academic activities, enhances the student and staff experience and projects our academic identity. We recognise that we need to be able to use our estate flexibly to meet the demands of our staff and students.

In 2015/16, we invested over £32 million in our estate through the implementation of our Estates Strategy and associated Estates Capital and Development Plans.

In 2015/16:

- we opened a brand new £32 million building in Sheffield City Centre, which is home to the Sheffield Institute of Education which brings together the University's education and teacher training provision along with education research and consultancy
- the Sheffield Institute of Arts moved into a new home in the iconic former Head Post Office building. Tours of the restored Grade 2 listed building have been held for staff, students and members of the public
- the Heart of the Campus building at our Collegiate Crescent site was shortlisted in 3 out of 10 categories at the Education Estates Dinner in November 2015 where we were crowned winner of the Student Experience award. The iconic building was also a regional finalist in the Civic Trust awards

Capital projects taking place in 2016/17 will include:

- the ongoing £11 million refurbishment of our Sheaf and Eric Mensforth buildings which will provide the very best in learning and teaching space for our engineering and chemistry provision, including new laboratories, exhibition space and a publicly-accessible atrium linking the two buildings
- work at the Advanced Wellbeing Research Centre (AWRC) in Sheffield's Olympic Legacy Park which will put Sheffield Hallam University at the centre of world-leading research into physical activity
- ongoing work at the National Centre of Excellence in Food Engineering, which will provide a hub for collaboration between the food industry and Sheffield Hallam's expertise. We aim for the centre to be fully operational by 2017

### Environmental management and Sustainability

Sheffield Hallam University is one of the best performers in the sector on environmental sustainability:

- in 2016, the University was shortlisted as a finalist for two Green Gown awards, in the Continuous Improvement and Learning and Skills categories, for our work to embed sustainability into every undergraduate and postgraduate course within the Sheffield Business School
- we achieved a 1<sup>st</sup> class award and were ranked 15<sup>th</sup> in the 2015 People and Planet University League, which scores all universities according to environmental credentials and achievements
- the University has been externally accredited and achieved ISO14001 environmental management certification and ISO 5001 energy management system certification since 2011
- the University has been a Fairtrade certified organisation since 2007
- the Granary catering outlet at our Collegiate site has achieved a Sustainable Restaurant Association Award
- the Student's Union is a Green Impact gold award winner
- Sheffield Business School is a UN-approved Principles for Responsible Business Management (PRIME) facility
- in 2015 the University was awarded Silver in the Business in the Community Environmental Index for the North East and East Midlands

A new environmental policy was approved in 2015/16, consolidating five existing policy statements into a single comprehensive policy. Its aim is to develop continuous improvement in our environmental performance through the careful management of our estate and teaching, learning and research activities, and through the engagement of staff and students in behaviour change campaigns.

We continue to demonstrate strong outcomes compared to the 2007/08 baseline year. In 2014/15 the waste produced on campus per student had reduced by 34% and the water consumed on campus per student had reduced by 20%.

We report progress on our approach to sustainability to the University Leadership Team and Board of Governors through our annual Healthy Universities and Sustainability Report, which is publicly available, along with our current and past Carbon Management Plans and Environmental Index results.

### **Equality, Diversity and Inclusion**

The University's Equality Priorities set out Sheffield Hallam University's ambitions relating to equality and diversity and are focused on:

- delivering an excellent and inclusive educational experience
- attracting, retaining, supporting and developing a diverse workforce
- integrating and embedding equality into our business processes
- providing an inclusive and supportive University culture

The Equality Priorities form part of the suite of strategy implementation plans which help ensure we deliver the ambitions of the University Strategy. Progress against each of the ambitions of the Equality Priorities is reported to the University's Equality and Diversity Board, which in turn, reports annually to the University Leadership Team and Board of Governors.

The Athena SWAN Charter recognises commitment to widening access for female students and advancing women's careers in science, technology, engineering, maths and medicine (STEMM) employment in higher education and research. We hold bronze status for the whole University, and our recent departmental successes include:

- Biosciences and Chemistry retaining silver status
- Psychology, renewing its bronze award
- Nursing and Midwifery gaining bronze for the first time

The University is working towards awards for our STEMM departments of Allied Health Professions, Computing, Engineering and Maths, Natural and Built Environment, Food and Nutrition, the Academy of Sport and Physical Activity, and the Centre for Health and Social Care Research. The Sheffield Institute of Education is working towards an award in the Charter's recently expanded disciplines of arts, humanities, social sciences, business and law (AHSSBL).

To measure the University's efforts in tackling discrimination and creating an inclusive place to study and work, we continue to participate in external benchmarking activities, and in 2015/16 have achieved:

- silver status for the Business in the Community's Race for Opportunity workplace charter which celebrates race equality and inclusion in the workplace
- a 10 out of 10 score for Stonewall's Gay by Degree Guide 2015, identifying the University as LGBT-friendly to current and prospective students
- our second entry into the Stonewall Workplace Equality Index which identifies the UK's gay-friendly workplaces

In 2015/16, the University participated in national project aimed at addressing the underrepresentation of black and ethnic minorities on paramedic practice courses. The project involved an equality analysis of outreach and recruitment for paramedic practice courses. The project included the introduction of BME student role models who attended open days and community engagement events, the creation of video case studies which documented the lived applicant experience of ethnic minorities; and a live simulation of an incident to introduce students to the experience of a paramedic in action. The project was recently nominated for a national Race for Opportunity Award in the Future Workforce category.

The University was selected by the Equality Challenge Unit (ECU) as one of only 12 Universities in England to partner in a national project aimed at increasing diversity in student recruitment. The project will focus on increasing ethnic diversity on engineering courses and will explore the whole life cycle experience of BME students from outreach through to employment. The project team consists of multiple stakeholders from across the University who will be expected to share best practice with the Sector throughout the course of the project.

## Partnerships

In 2015/16, we had collaborative partnerships with 12 colleges and three universities in the UK, and with 10 universities overseas.

Throughout 2015/16 we have been conducting a full review of our UK partner colleges and developing and implementing a new UK Partner Strategy.

In 2016/17, we will be developing and implementing a new International Partner Strategy, overseen by the new Pro-Vice- Chancellor Global.

## People

We recognise that we need to ensure that our staff are engaged and deliver an excellent educational experience for our students.

We are committed to retaining talented and highly qualified staff, and are increasing our focus on attracting and recruiting the highest calibre workforce to help deliver the ambitions of the University Strategy. We continue to develop new and innovative approaches to selection and are promoting the use of social media in both our staff recruitment advertising and in enhancing our employer brand so that we develop our reputation as an employer of choice.

As at 31<sup>st</sup> July 2016, we had 4,598 staff, of which:

- 2,202 (48%) were academic staff and (52%) were non-academic
- 58% were female and 42% were male
- 86% were White and 7% were Black and Minority Ethnic (BME). Ethnicity was unknown for 7% of our staff.

Work is ongoing to improve disclosure rates relating to disability, religion or belief and sexual orientation in order that the University can fully understand the characteristics of its workforce.

We recognise that our workforce could be more diverse and continue to be active participants in Athena Swan, and work with Race for Opportunity and Stonewall to evaluate our progress on diversity matters. This year we have increased the proportion of women who are Professors to 28% and have focussed on the progress of candidates from underrepresented groups through our recruitment and selection process, in order to identify and take action on any issues that are identified.

Senior leaders and managers are ensuring that action continues in response to the Employee Opinion Survey, celebrating success and developing solutions to the key issues identified in relation to change, process, senior leadership and workload.

We have continued to develop and refine our approach to change management through evaluation of previous structural change processes, feedback from the three-yearly Employee Opinion Survey and sharing of best practice across the organisation. Several of the University's professional services directorates have been restructured this year to provide more effective and efficient services to students and other staff and we have ensured that our change principles are applied in all change situations.

Work on Academic Workforce Development has progressed this year. Development of a new corporate framework for academic work planning has continued with consultation taking place with the Universities and Colleges Union (UCU) and staff who have been involved in pilot areas. The new framework will overlay existing work plans for 2016/17 to identify issues as they emerge and plans for implementation will be finalised once analysis of feedback is complete.

We are also developing an approach to academic appraisal which will facilitate teaching excellence.

We recognise that it is important that everyone can see and understand their individual contribution to the University's strategic priorities and University life. We provide development opportunities so that staff can develop their skills and enhance their professional and academic careers. In 2015/16, we completed the first cohort of our innovative Academic Leaders Programme and have recently launched the Hallam Leaders Programme to develop our professional staff.



## Charitable objectives and delivery of public benefit

### Aims and objectives of Sheffield Hallam University

Sheffield Hallam University has exempt charitable status as defined by the Charities Act 1993. Our charitable purpose is the advancement of education. We deliver this charitable purpose for the public benefit by delivering the ambitions of the University Strategy. Our students are the immediate beneficiaries of our learning and teaching activity, though we also offer services to potential future students, and to past students through our increasing network of alumni. Beneficiaries of our research and innovation activity include local, national and international businesses, charities, policymakers, public sector organisations and community groups and in turn, their clients and customers.

### Improving access and removing barriers to participation in higher education

We take steps to ensure that all those who are eligible on grounds of academic ability and potential to succeed can be considered for a place at Sheffield Hallam University through operating a fair and transparent admissions policy which is publicly available.

We are committed to transforming society by widening access to a university education. We have a strong track record in widening access and participation in higher education for disadvantaged and under-represented groups, clearly evidenced by our performance against HESA UK Performance Indicators and benchmarks. We combine recruitment of students from a broad range of social backgrounds with high rates of retention and positive outcomes for our students.

The University continues to be successful across a range of long term outreach initiatives to raise aspirations, awareness and applications to higher education. For over a decade the University has worked in partnership with a range of schools and colleges, predominately within the 'travel to study' 50 mile radius of the University. The partnership provides a sustained, core programme of outreach activity, coupled with initiatives tailored to the particular needs of each school or college, or specific groups of their students. Programmes of activity include a series of introductions to higher education activities, student finance and student life in addition to a suite of subject specific activities, masterclasses and roadshows. Programmes for teachers and advisers include our annual conference and series of 'Advising the Advisers' subject-based groups that provide a joined-up model of information and support around access to our most selective course areas.

This sustained effort and approach is one contributory factor to the increased participation rates seen in some areas within the Sheffield City Region with the lowest participation rates in higher education. The UCAS End of Cycle Report 2015 highlighted that the Sheffield Brightside and Hillsborough constituency has moved from having the lowest higher education participation rate in England (at 11.2%) in 2006 to over 20% in 2015 - over an 83% increase in participation.

The Higher Education Progression Partnership (HEPP), a partnership between Sheffield Hallam University, the University of Sheffield, colleges, schools, employers and local authorities in the Sheffield City Region aims to provide impartial information, advice and guidance and to raise aspirations and appetite for higher education within the local community. Since the partnerships inception in 2012, the HEPP team has engaged over 23,000 students and 4,800 parents at more than 450 events across the Sheffield City Region.

A successful bid for HEFCE funding to develop a National Network for Collaborative Outreach (NNCO) has been a useful addition to the HEPP, enabling additional projects to take place in 2014/15 and 2015/16 with a focus on care leavers, students with disabilities, and access to apprenticeships. Collaborative work with Further Education Colleges has also enabled a wider range of students to participate, and for us to raise awareness of the benefits of a wider range of higher education options across the City Region.

In 2015/16, we have also been delivering a STEM skills development programme for 300 14-18 year olds in the City, through a grant from the Alcoa Foundation, part of one of the world's largest metal manufacturing organisations.

Our long established programme for care leavers works with students from Year 10 and encompasses a whole series of interactions and a range of support including access to our Compact Scheme (see below), a named contact on arrival, Career Impact scheme and 365 day accommodation. Similarly, our approach to supporting mature student progression includes pre-entry information sessions that feed into a mature student welcome programme.

Our Compact Scheme supports targeted students facing multiple disadvantage throughout their application to the University, including providing a single point of contact, interview preparation sessions and visits to the University. 104 students enrolled in September 2015 via the Compact Scheme, a conversion rate of 51%.

The Director of Fair Access has approved our Access Agreement for 2017/18 which sets out our future plans for ensuring fair access and success for students from disadvantaged and under-represented groups in higher education, through outreach work, student support and financial support.

Our arrangements for fees and bursaries are set out in our Access Agreement. These arrangements ensure that access to higher education at Sheffield Hallam is not restricted by the ability to pay fees or living costs. We invested over £4 million in student financial support in 2015/16, including our financial hardship fund valued at £1 million to support those students in greatest financial need, who are facing immediate financial hardship whilst at Sheffield Hallam University.

### **Research and knowledge exchange**

The University is committed to carrying out research with real-world impact. Through our research and innovation activity we extend existing knowledge, address important social and economic challenges and make contributions that have benefits in regional, national and international spheres. Our researchers contribute to public policy, and deliver innovations to improve public health and wellbeing. Examples in 2015/16 include:

- The Centre for Regional Economic and Social Research (CRESR) undertook a study which highlighted the uneven impact of welfare reform across people and places (funded by Oxfam, JRF, the National Housing Federation and Sheffield Hallam University). National recognition of the research included front page coverage on the Financial Times and a successful event held at the Houses of Parliament
- The Centre for Sport and Exercise Science are working to minimise the side effects of prostate cancer treatment, including investigating the benefits of a lifestyle intervention including structured exercise training and dietary advice, which could be of benefit to the more than 43,000 new cases of prostate cancer diagnosed each year

Any private benefit arising from our research and innovation activity is incidental to our principal charitable purpose of the advancement of education. The arrangements for the diversion of any revenue arising from the successful exploitation of our ideas are set out in the University's Intellectual Property Policy.

A principle of public benefit is that benefits must be balanced against any harm or detriment. To this end, all University research undergoes scrutiny to ensure that it is conducted to the highest ethical standards and to protect the integrity of our research. The University has a Research Ethics Policy to ensure that these high standards are met.

Some of our research involves the participation of volunteers. Our Research Ethics Policy ensures that their interests are put first at all times and that researchers do everything possible to fully inform people who have consented to take part. A risk assessment approach is encouraged to safeguard the physical and psychological wellbeing of participants and researchers.

As detailed in this strategic report, we work with organisations across all industries and sectors to solve critical issues and help achieve their goals, from developing innovative new methods of food packaging, to helping companies develop an approach to sustainability and reduce food waste, to delivering training and development programmes for senior managers in the NHS. Our clients include Northern Foods, Adidas and SIG. We have helped generate an additional £95 million in profit for these companies, and created around 2,500 new jobs.

### **Community and public engagement**

Every year, the University delivers economic, social and cultural benefits for the City of Sheffield. An independent report commissioned by the University in 2015 found that the University contributes £80 million to the local economy, or £44 for every person living in the City, and that in Sheffield alone, one in every 42 jobs is in some way dependent on the University.

The Sheffield Institute of Arts annual degree show is one of the University's key cultural events, showcasing the creative work of students from nearly 20 disciplines. It attracts visitors from across the country, including members of the cultural and creative industries, local and regional community groups, and staff and student groups from local schools and colleges.

2016 is Sheffield's 'Year of Making', celebrating Sheffield's past, present and future as a place of makers and making, with a reputation for excellence in innovation. Sheffield Hallam's Catalyst Festival of Creativity forms part of these

celebrations, and includes 22 projects from staff and students from the Sheffield Institute of Arts, each featuring engagement with the wider Sheffield Community. Catalyst and Year of Making projects have been on show at the University and various locations throughout the City throughout 2016.

The Sheffield Food Festival organised by the University had its sixth successful year showcasing local food and drink producers in 2016 and attracted hundreds of visitors to three venues across the City Centre.

Many of our Research Centres and Institutes deliver free seminar programmes and public lecture series', providing members of the public, staff, students and other stakeholders with the opportunity to engage with cutting-edge research, for example this year the Cultural, Computing and Communications Research Institute launched a lunchtime research seminar series and have run sessions covering topics from criminal justice policy, to design for living, to transport and security.

To ensure that our research is accessible to the general public, open access journals are also managed by the University. These include People, Place and Policy online, which provides a forum for debate about how policy shapes the risks, opportunities and constraints that face people and places in contemporary society.

Our world-class sports facilities at the University Sports Park showcase our expertise in this area, and our commitment to developing strong partnerships with top sports clubs, schools and community groups across the region.

In 2015/16, members of the public have been able to access our sporting facilities and use the Olympic-level technology used by elite athletes developed by our Centre for Sports Engineering Research, in a project to increase participation and promote physical activity.

We have hosted all of the Sheffield Eagles Home Rugby League fixtures in 2016, meaning that the team and members of the community can benefit from our presence and investment in the City.

We continue to be members of the UK Healthy Universities network and are committed to enhancing the health, wellbeing and sustainability of our community.

## Risks and Uncertainties

During 2015/16, we identified the following issues as the most significant currently facing the University, in terms of their overall impact on our ability to deliver the University Strategy.

### Economic and political change

Economic and political changes and uncertainty continue to affect the sector. The supply of students may be affected by government policy on funding and student support, particularly the removal of maintenance grants and their replacement with loans, and the new fees and funding regime for nursing and allied health professional education, as well as the decision to leave the European Union. Combined with the known demographic decline to 2020, these factors are also leading to changing competitor student recruitment activity.

These uncertainties and constraints represent a risk to the development and delivery of a long-term financial plan to ensure the sustainability of the University. To manage the risk, key financial management controls (financial modelling and contingency planning, exploration of operating models for income growth, cost reduction and resource allocation, and management of cash reserves) have been supplemented by a range of short-term measures to 2016/17.

We are currently updating our long term financial strategy and planning processes to ensure that we are best able to navigate our way through this climate of uncertainty.

### Technological change

The University recognises that the technological landscape is continually changing and that students, staff and partners increasingly expect high availability, always accessible and fit for purpose IT services. Failing to respond appropriately to these changes and advances could reduce the appeal of the University. Flexible modes of study rely on the appropriate enabling IT provision and staff require the digital capabilities to select appropriate technologies and make best use of them.

In response to this risk, we are implementing a Digital Learning Programme that seeks to align pedagogical needs with information systems and technology (IS&T) advances and includes a 3-5 year roadmap for the development of IS&T services to keep pace with the needs of our various stakeholder groups.

### Teaching Excellence Framework

The long-standing importance of achieving high standards in teaching has been heightened due to the impending introduction of the Teaching Excellence Framework (TEF). The demand from potential students for reliable information about teaching quality and the inclusion and weighting of related metrics in League Tables are intensifying the scrutiny on multiple aspects of teaching quality. We, therefore, understand that if we do not continue to improve teaching quality it could have detrimental impacts on our reputation, the student experience (and thus retention) as well as our financial sustainability.

The main actions to address the risk have been to engage in strategic planning for the TEF and establish focused working groups to address student issues around induction, retention and assessment. These complement the established annual, internal academic quality review process.

### Student retention

Aside from recruiting students, our financial sustainability is dependent upon students completing their chosen course of study. Large numbers of students withdrawing from their studies can damage reputation (through survey and League Tables results, and soon, via the TEF), the experience of other students, and the viability of smaller courses.

Sheffield Hallam has a strong track record on student retention, but we recognise the importance of maintaining focus on this issue. Actions have therefore focused on developing a systematic, proactive approach to student retention based on the interrogation of learning analytics to understand factors associated with student attrition followed by early, targeted interventions.

## Corporate Governance

### 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 to 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 has exempt charitable status as defined under the Charity Act 1993 and by virtue of its incorporation under the 1988 Act. As an exempt charity the University is regulated by HEFCE by virtue of the Charities Act 2006 (now consolidated into the Charities Act 2011).

### Public benefit

The Board of Governors has complied with its duty to have due regard to the guidance on public benefit published by the Charity Commission and particularly to its supplementary public benefit guidance on the advancement of education, in accordance with the requirements of HEFCE acting as principal regulator of English higher education institutions under the Charities Act 2006 (now consolidated into the Charities Act 2011). Further information on how the University delivers its charitable objectives for the public benefit can be found on pages 23-25 of the Annual Report.

### Our approach to corporate governance

We are committed to best practice in all aspects of corporate governance. We aim to conduct our business in accordance with the principles identified in the Committee on Standards in Public Life (Nolan Committee) and the Committee of University Chairs (CUC) Higher Education Code of Governance (the Code). In November 2015 the Board of Governors received a report on the review by the Chair of the Board and the Clerk of the governing body's current arrangements against the requirements of the Higher Education Code of Governance. The Board was assured that the current arrangements met the requirements of the Code. The Board endorsed the suggestions in the report for the development of practice in some areas to strengthen the Board's application of the Code.

The Board of Governors formally reviews its effectiveness and its most recent review has taken place in 2015/16 in line with the Code's recommendation that reviews take place every four years. The review was facilitated by an external consultant and the Board discussed the consultant's report and recommendations at its meeting on 26 July 2016. A draft action plan has been prepared and the Board has established a working group that will consider further the consultant's report and appropriate actions. The working group will make a report to the Board in February 2017.

The Board of Governors has responsibility for maintaining a sound system of internal control that supports the achievement of its objectives, whilst safeguarding the public and other funds and assets for which it is responsible. Such a system is designed to manage rather than eliminate the risk of failure to achieve objectives.

### Internal control

Our review of the effectiveness of internal control is informed by the work of internal audit, which operates to standards set out in the Code of Ethics and International Standards (March 2004) of the Institute of Internal Auditors (IIA) and that organisation's position statement on the role of internal audit in enterprise-wide risk management (September 2004).

The review of the effectiveness of internal control is also informed by the work of Executive Managers within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Our systems of internal control are based on an ongoing process designed to identify the principal risks, to evaluate the nature and extent of those risks; and to manage them effectively and economically. The Board of Governors is of the view that there is a process for identifying, evaluating and managing the University's significant risks that has been in place for the year ended 31 July 2016 and up to the date of approval of the Financial Statements: that it is regularly reviewed by the Board of Governors; and that it accords with HEFCE guidance and the internal control guidance for directors on the combined code as deemed appropriate for higher education.

The following mechanisms are in place to support the University's overall system of internal control:

- The Audit Committee receives regular reports on how the University's corporate risks are being managed and requires regular reports from managers on steps they are taking to manage risks in their areas of responsibility to ensure that risk management processes are embedded and effective. The Board of Governors receives an annual report on risk management following the University Leadership Team's annual risk review.
- The Audit Committee receives reports from Internal Audit, which include an independent opinion on the adequacy and effectiveness of the University's system of internal control, together with any recommendations for improvement.
- The Board of Governors receives periodic reports from the chair of the Audit Committee concerning internal control and requires regular reports from managers on steps they are taking to manage risks to delivery of objectives in their areas of responsibility including progress reports on key strategies and initiatives.

In addition, the following tools are in place to manage risk across the University:

- A risk management policy.
- A statement of the University's risk appetite that reflects organisational strategy and all key aspects of the organisation. In common with other organisations, we are involved in a wide range of activities and therefore do not have a generic tolerance for risk. The level of risk within each area of activity is represented as a range, reflecting that almost all our activities comprise, and require a balanced assessment of, both risk and reward. The University recognises that maximum gain and minimum loss are achieved through taking neither too much nor too little risk. In some areas we must fully discharge our responsibilities in terms of accountability, propriety, regularity and value for money. In others we positively expect some risk taking, to support innovation and improvements that ensure the ongoing success of the University in a competitive, market-driven environment.
- A Risk Management Group, a body that has overall responsibility for overseeing and monitoring risk mitigation and prevention within the University and for managing the Corporate Risk Register of strategic risks. Strategic risks are those that are associated with achievement of the University's ambitions. In addition to being managed by the Risk Management Group, the University Leadership Team reviews these risks as part of the University Performance Framework, four times a year. One of these reviews is undertaken at the start of the new academic year and serves as the annual review of corporate risks. This is the point at which the Corporate Risk Register is refreshed for the coming academic year.
- Proximate risks which require urgent attention are managed by the University Leadership Team.
- A risk management handbook, containing details of our risk management framework and a toolkit to provide operational guidance for identifying, assessing and managing risks at all levels. This includes detailed guidance on assessing likelihood and impacts.
- Risk management processes that are embedded within our business planning processes. Faculties and directorates identify risks associated with delivery of their strategic and operating priorities and have responsibility for implementing and monitoring the effectiveness of any actions put in place to mitigate these risks. Faculties and directorates are able to escalate risks that are rising rapidly to the Risk Management Group for consideration of any necessary actions or interventions.
- Risk management processes that are embedded in our approach to the management of change and, specifically, in the governance of corporate programmes and projects.

The Memorandum of Assurance and Accountability requires the University to report any material adverse event, other significant event or a serious incident to HEFCE. During 2015/16 there were no such reports made to HEFCE.

The University has a number of small prize funds that may constitute paragraph 28 (Charities Act 2011 schedule 3) connected charities but are below the threshold for individual reporting. Consolidated information about the prize funds is available in the University's Financial Statements. The University is also linked to a registered charity, SHU Trust (registered number 1142910).

## Summary of the University's structure of corporate governance

The University's Board of Governors comprises lay, staff and student members appointed under the Instrument of Government of the University, all but one of whom are non-executive. The roles of chair and deputy chair of the Board of Governors are separate from the role of the Vice-Chancellor. The matters specifically referred to the Board of Governors for decision are set out in the Articles of Government of the University, and the Board meets six times a year for this purpose. In addition, discussions are held on the strategic development of the University.

By custom and under the Memorandum of Assurance and Accountability with HEFCE, the Board of Governors has 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 policy implications of strategic developments in higher education as they affect the experience of University students are kept under review through a University/Students' Union Liaison Group. The president of the Students' Union is a member of the Board ex officio, and reports to each meeting on student matters.

The Board of Governors is committed to continuous monitoring of its performance. Discussion of the Annual Report of the Board of Governors and its committees gives the Board an opportunity to reflect on its practice and recommend improvements. As set out above, the Board commissioned an independent review of its effectiveness during 2015/16.

New governors participate in an induction programme and each year all governors are given the opportunity to attend training and development activities on various aspects of their responsibilities. In Autumn 2015, induction and finance training events were held for new members of the Board in advance of the first board meeting of the year. During this year members of the Board were offered opportunities to develop their knowledge of the University with a tour of the University estate and visits to the Sheffield Hallam Students' Union and each of the University's faculties.

The Board of Governors operates with a committee structure comprising:

- Finance and Employment Committee
- Remuneration Committee
- Nominations Committee
- 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 Vice-Chancellor and Clerk to the Board of Governors hold regular meetings with the board officers (chair and deputy chair of the board and the chair of each of its subcommittees) throughout the course of this year in order to co-ordinate effectively the business of the board and to brief board officers on key developments between board/committee meetings.

### Finance and Employment Committee

The Finance and Employment Committee monitors progress in respect of the strategic development of the University in the areas of finance, estate and capital programmes, and human resource and employment matters on behalf of the Board of Governors. The Committee considers, and from time to time reviews, the University's Financial, Estates and Human Resources strategies and monitors the implementation of these strategies.

The Committee also approves the policy framework and associated regulations for, the investment of surplus funds and borrowing requirements; tenders, quotations and contracts for items of expenditure above the limits stated in the University's Financial Regulations; the write-off of irrecoverable debts; insurance arrangements; arrangements for the execution of estate, building and other capital programmes within the strategic framework and annual capital budgets approved by the Board; and major agreements entered into with Trades Unions.

It recommends to the Board of Governors financial policies within the strategic framework approved by the Board; financial regulations; the sale or acquisition of property or land within the strategic framework approved by the Board above the limits stated in the University's Financial Regulations; estate, building and other capital programmes within the strategic framework approved by the Board; annual revenue and capital budgets and longer term projections; and employment policies within the strategic framework approved by the Board. The Committee assists the Board of Governors to discharge its responsibilities under s22(2)(g) of the Education Act 1994 by considering the

Students' Union grant for recommendation to the Board and receiving reports from the Director of Finance on the monitoring of the Students' Union's performance against its budget.

### **Remuneration Committee**

This committee has responsibility for determining salaries and conditions of service for Board appointments which are the Vice-Chancellor, the Deputy Vice-Chancellor, the Director of Finance, and the Secretary and Registrar and Clerk to the Board. More generally, it advises the Vice-Chancellor on the salaries and conditions of service of senior managers.

### **Nominations Committee**

The Nominations Committee considers nominations for filling vacancies in the Board of Governors' membership under the University's Instrument of Government, as well as membership of the Board's Committees.

### **Audit Committee**

The Audit Committee meets four times annually, with the external and internal auditors in attendance. The Committee considers 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 oversees the University's risk management process on behalf of the Board of Governors. It also receives and considers reports from HEFCE as they affect the University's corporate governance and assurance processes and monitors adherence with the regulatory requirements. It reviews the University's annual financial statements together with our accounting policies.

Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee has the formal opportunity to meet with the auditors in private without University management to enable them to raise any issues and concerns at one meeting each year and may raise urgent matters at any time via the Committee chair.



## 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 its subsidiary companies (group), 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 Group and 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 for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Memorandum of Assurance and Accountability agreed between HEFCE 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 Group 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; and
- 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 HEFCE and the National College for Teaching and Leadership (NCTL), grants and income for specific purposes, and from other restricted funds administered by Sheffield Hallam University have been applied only for the purposes for which they were received and in accordance with the Financial Memoranda with the Funding Councils and any other conditions which the Funding Councils may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the Group and prevent and detect fraud and other irregularities; and
- Secure the economical, efficient and effective management of the Group's resources and expenditure.

In so far as the Board of Governors is aware:

- there is no relevant audit information of which the auditor is unaware; and
- the Board of Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## **Membership of the Board of Governors and its Committees**

### **BOARD OF GOVERNORS FOR THE YEAR ENDED 31 JULY 2016**

Dapo Adaramewa (student nominee July 2015 - June 2016)  
David Bradley  
Stuart Britland  
Dan Bye  
Geoff Dawson (Chair until 6 October 2016)  
Janet Dean  
Rosemary Downs  
Hassun El Zafar (student nominee July 2015 - June 2016)  
Prof Chris Husbands (Vice-Chancellor) - member from 1 January 2016  
Prof Philip Jones (Vice-Chancellor) - member to 31 December 2015  
Dr Peter Jones  
Dr Steve Jones  
Christopher Kenny  
Lord Robert Kerslake - member from 1 June 2016 (Chair from 6 October 2016)  
Christopher Kinsella  
Neil MacDonald  
Dr Julie Morrissy  
Meg Munn  
Peter Neild (student nominee July 2016 - June 2017)  
Prof Judy Simons (Deputy Chair of the Board)  
Dr Stephen Timothy  
Prof Paul Wiles  
Emily Wilkes (student nominee July 2016 - June 2017)

### **MEMBERSHIP OF BOARD OF GOVERNORS' COMMITTEES FOR YEAR ENDED 31 JULY 2016**

#### **Finance and Employment Committee**

David Bradley  
Stuart Britland (Deputy Chair)  
Geoff Dawson  
Janet Dean  
Prof Chris Husbands (Vice-Chancellor) - member from 1 January 2016  
Prof Philip Jones (Vice-Chancellor) - member to 31 December 2015  
Neil MacDonald (Chair)  
Meg Munn  
Dr Stephen Timothy

#### **Nominations Committee**

Geoff Dawson (Chair)  
Hassun El Zafar  
Prof Chris Husbands (Vice-Chancellor) - member from 1 January 2016  
Peter Jones  
Prof Philip Jones (Vice-Chancellor) - member to 31 December 2015  
Neil MacDonald  
Meg Munn  
Dr Toni Schwarz  
Prof Judy Simons (Deputy Chair)

### Remuneration Committee

Geoff Dawson (Chair)  
Janet Dean  
Prof Chris Husbands (Vice-Chancellor) - member from 1 January 2016  
Prof Philip Jones (Vice-Chancellor) - member to 31 December 2015  
Christopher Kinsella  
Prof Judy Simons (Deputy Chair of the Board)  
Prof Paul Wiles

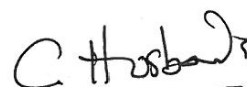
### Audit Committee

Rosemary Downs  
Christopher Kenny (Deputy Chair)  
Christopher Kinsella (Chair from 1 January 2016)  
Prof Judy Simons (Chair to 31 December 2015)  
Rick Plews (external co-option)  
Dr Julie Morrissy  
John Warner (external co-option)  
Prof Paul Wiles

The Annual Report on pages 1 to 33 was approved on behalf of the Board of Governors on 29 November 2016



Lord Kerslake, Chair of the Board of Governors



Chris Husbands, Vice-Chancellor

## Independent Auditor's Report to the Board of Governors of Sheffield Hallam University

We have audited the financial statements of Sheffield Hallam University (the 'University') for the year ended 31 July 2016 which comprise the consolidated and University statement of comprehensive income, the consolidated and University statement of changes in reserves, the consolidated and University balance sheets, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

### Respective responsibilities of the governing body and auditor

As explained more fully in the Governing Body's Responsibilities Statement set out on page 31, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

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 2016 and of the group's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014.

### Opinion on other matters prescribed by HEFCE's Memorandum of assurance and accountability dated July 2016 and the funding agreement with the National College for Teaching and Leadership

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by HEFCE and the National College for Teaching and Leadership have been applied in accordance with the Memorandum of assurance and accountability, the funding agreement with the National College for Teaching and Leadership and any other terms and conditions attached to them; and
- the requirements of HEFCE's accounts direction have been met.



Graham Nunns  
Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds  
30 November 2016

**SHEFFIELD HALLAM UNIVERSITY**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 July 2016

	Note	Consolidated		University	
		2016	2015	2016	2015
		£000	£000	£000	£000
<b>Income</b>					
Tuition fees and education contracts	3	219,223	206,913	219,179	206,782
Funding body grants	4	22,376	24,957	22,376	24,957
Research grants and contracts	5	7,944	7,963	7,880	7,777
Other income	6	15,888	16,426	12,086	12,935
Investment income	7	936	1,117	936	1,117
Donations and endowments	8	93	135	93	135
<b>Total income</b>		<b>266,460</b>	<b>257,511</b>	<b>262,550</b>	<b>253,703</b>
(excludes share of joint venture £2.8m, 2015: £2.9m)					
<b>Expenditure</b>					
Staff Costs	9	(166,715)	(163,616)	(164,182)	(161,275)
Other operating expenses	10	(70,854)	(70,456)	(69,479)	(68,992)
Depreciation		(20,017)	(18,101)	(20,015)	(18,098)
Interest and other finance costs	11	(5,782)	(5,435)	(5,782)	(5,435)
<b>Total expenditure</b>	12	<b>(263,368)</b>	<b>(257,608)</b>	<b>(259,458)</b>	<b>(253,800)</b>
<b>Surplus/ (deficit) before other gains losses and share of operating surplus of joint ventures and associates</b>					
		3,092	(97)	3,092	(97)
Loss on disposal of fixed assets		-	(769)	-	(769)
Share of operating (deficit)/surplus in joint venture	17	(3)	50	-	-
<b>Surplus / (deficit) before tax</b>		<b>3,089</b>	<b>(816)</b>	<b>3,092</b>	<b>(866)</b>
Taxation		-	-	-	-
<b>Surplus / (deficit) for the year</b>		<b>3,089</b>	<b>(816)</b>	<b>3,092</b>	<b>(866)</b>
Actuarial loss in respect of pension scheme	23	(38,877)	(16,357)	(38,877)	(16,357)
<b>Total comprehensive income for the year</b>		<b>(35,788)</b>	<b>(17,173)</b>	<b>(35,785)</b>	<b>(17,223)</b>
Represented by:					
Endowment comprehensive income for the year	24	(23)	(25)	(23)	(25)
Restricted comprehensive income for the year		2	10	2	10
Unrestricted comprehensive income for the year		(35,767)	(17,158)	(35,764)	(17,208)
		<b>(35,788)</b>	<b>(17,173)</b>	<b>(35,785)</b>	<b>(17,223)</b>
<b>Surplus / (deficit) for the year attributable to:</b>					
University		3,089	(816)	3,092	(866)
<b>Total comprehensive income for the year attributable to</b>					
University		<b>(35,788)</b>	<b>(17,173)</b>	<b>(35,785)</b>	<b>(17,223)</b>

All items of income and expenditure relate to continuing activities.

**SHEFFIELD HALLAM UNIVERSITY**  
**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**  
**for the year ended 31 July 2016**

	Income and expenditure reserve- endowment reserve £000	Income and expenditure reserve- restricted reserve £000	Income and expenditure reserve- unrestricted reserve £000	Total  £000
Balance at 1 August 2014	93	23	217,804	217,920
Deficit for the year	-	-	(816)	(816)
Other comprehensive income	-	-	(16,357)	(16,357)
Release of restricted funds spent in year	(25)	-	25	-
New restricted funds in year	-	10	(10)	-
Total comprehensive income for the year	<u>(25)</u>	<u>10</u>	<u>(17,158)</u>	<u>(17,173)</u>
Balance at 1 August 2015	68	33	200,646	200,747
Surplus for the year	-	-	3,089	3,089
Other comprehensive income	-	-	(38,877)	(38,877)
Release of restricted funds spent in year	(23)	-	23	-
New restricted funds in year	-	2	(2)	-
Total comprehensive income for the year	<u>(23)</u>	<u>2</u>	<u>(35,767)</u>	<u>(35,788)</u>
<b>Balance at 31 July 2016</b>	<b><u>45</u></b>	<b><u>35</u></b>	<b><u>164,879</u></b>	<b><u>164,959</u></b>

**SHEFFIELD HALLAM UNIVERSITY**  
**UNIVERSITY STATEMENT OF CHANGES IN RESERVES**  
**for the year ended 31 July 2016**

	Income and expenditure reserve- endowment reserve £000	Income and expenditure reserve- restricted reserve £000	Income and expenditure reserve- unrestricted reserve £000	Total £000
Balance at 1 August 2014	93	23	217,802	217,918
Deficit for the year	-	-	(866)	(866)
Other comprehensive income	-	-	(16,357)	(16,357)
Release of restricted funds spent in year	(25)	-	25	-
New restricted funds in year	-	10	(10)	-
Total comprehensive income for the year	<u>(25)</u>	<u>10</u>	<u>(17,208)</u>	<u>(17,223)</u>
Balance at 1 August 2015	68	33	200,594	200,695
Surplus for the year	-	-	3,092	3,092
Other comprehensive income	-	-	(38,877)	(38,877)
Release of restricted funds spent in year	(23)	-	23	-
New restricted funds in year	-	2	(2)	-
Total comprehensive income for the year	<u>(23)</u>	<u>2</u>	<u>(35,764)</u>	<u>(35,785)</u>
<b>Balance at 31 July 2016</b>	<b><u>45</u></b>	<b><u>35</u></b>	<b><u>164,830</u></b>	<b><u>164,910</u></b>

**SHEFFIELD HALLAM UNIVERSITY**  
**CONSOLIDATED AND UNIVERSITY BALANCE SHEET**  
for the year ended 31 July 2016

	Note	Consolidated		University	
		2016 £000	2015 £000	2016 £000	2015 £000
<b>Non-current assets</b>					
Fixed assets	13,14	314,637	302,253	314,621	302,235
Investments	15	45	45	42	42
Investment in joint venture	16	47	50	-	-
		<u>314,729</u>	<u>302,348</u>	<u>314,663</u>	<u>302,277</u>
<b>Current assets</b>					
Stock		115	114	97	86
Debtors	17	19,043	20,746	18,111	19,680
Investments	18	35,000	51,999	35,000	51,999
Cash and cash equivalents		78,010	63,359	77,919	63,268
		<u>132,168</u>	<u>136,218</u>	<u>131,127</u>	<u>135,033</u>
Less: Creditors: amounts falling due within one year	19	<u>(46,770)</u>	<u>(47,582)</u>	<u>(45,712)</u>	<u>(46,378)</u>
<b>Net current assets</b>		<b>85,398</b>	<b>88,636</b>	<b>85,415</b>	<b>88,655</b>
<b>Total assets less current liabilities</b>		<b><u>400,127</u></b>	<b><u>390,984</u></b>	<b><u>400,078</u></b>	<b><u>390,932</u></b>
Creditors: amounts falling due after more than one year	20	<u>(91,490)</u>	<u>(92,799)</u>	<u>(91,490)</u>	<u>(92,799)</u>
<b>Provisions</b>					
Pension provisions	22	<u>(137,451)</u>	<u>(93,557)</u>	<u>(137,451)</u>	<u>(93,557)</u>
Other provisions	22	<u>(6,227)</u>	<u>(3,881)</u>	<u>(6,227)</u>	<u>(3,881)</u>
<b>Total net assets</b>		<b><u>164,959</u></b>	<b><u>200,747</u></b>	<b><u>164,910</u></b>	<b><u>200,695</u></b>
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment reserve	24	45	68	45	68
Income and expenditure reserve - restricted reserve		35	33	35	33
<b>Unrestricted reserves</b>					
Income and expenditure reserve - unrestricted		<u>164,879</u>	<u>200,646</u>	<u>164,830</u>	<u>200,594</u>
<b>Total Reserves</b>		<b><u>164,959</u></b>	<b><u>200,747</u></b>	<b><u>164,910</u></b>	<b><u>200,695</u></b>

The Annual Report on pages 1 to 33 was approved on behalf of the Board of Governors on 29 November 2016



Lord Kerslake, Chair of the Board of Governors



Chris Husbands, Vice-Chancellor



**SHEFFIELD HALLAM UNIVERSITY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the year ended 31 July 2016**

	Note	2016 £000	2015 £000
<b>Cash flow from operating activities</b>			
Surplus/ (deficit) for the year		3,089	(816)
Adjustment for non-cash items:			
Depreciation		20,017	18,101
Increase in stock		(1)	(24)
Decrease in debtors	17	74	1,057
Increase/ (decrease) in creditors	19,20	342	(4,060)
Increase in pension provision	22	5,017	4,317
Increase in other provisions	22	2,345	2,486
Share of operating (surplus) / deficit in joint venture	16	3	(50)
<b>Adjustment for investing or financing activities</b>			
Investment income from short term investments		(936)	(1,115)
Investment income receivable on endowments		-	(2)
Endowments receivable	24	(15)	(19)
Endowments payable	24	38	46
Interest payable	11	2,255	2,304
Profit on the sale of fixed assets		-	769
Capital grant income		(6,570)	(3,288)
<b>Net cash inflow from operating activities</b>		<b>25,658</b>	<b>19,706</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		-	54
Capital grants receipts		8,056	3,742
Investment income from short term investments		1,079	970
Investment income from endowments		-	2
Payments made to acquire fixed assets		(32,401)	(34,234)
Withdrawal of/ (new) deposits		17,014	(21,920)
New endowment deposits		(15)	(19)
		<b>(6,267)</b>	<b>(51,405)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(2,255)	(2,304)
Repayments of amounts borrowed		(2,462)	(2,406)
Endowments received		15	19
Endowment payments		(38)	(46)
		<b>(4,740)</b>	<b>(4,737)</b>
<b>Increase/ (decrease) in cash and cash equivalents in the year</b>		<b>14,651</b>	<b>(36,436)</b>
Cash and cash equivalents at beginning of the year		63,359	99,795
Cash and Cash equivalents at the end of the year		<b>78,010</b>	<b>63,359</b>

## Notes to the Financial Statements

### 1. Statement of principal accounting policies

#### Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education (2015 SORP) and applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), for the first time. The University is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102.

#### Transition to the 2015 SORP

The University has applied the first time adoption requirements of the 2015 SORP and FRS 102. An explanation of how the transition to the 2015 SORP and FRS 102 has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 30.

Application of first time adoption grants certain exemption from the full requirements of the 2015 SORP in the transition period. The following exemption has been taken into these financial statements:

Fair value or revaluation as deemed cost- at 31 July 2014, fair value has been used for deemed cost for properties measured at fair value.

#### Basis of consolidation

The consolidated financial statements consolidate the financial statements of the University and all its subsidiary undertakings for the financial year to 31 July 2016. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include those of the University's Union of Students as it is a separate legal entity over which the University does not exercise control or significant influence over policy decisions.

Joint ventures are accounted for using the equity method.

#### Going concern

The University has a reasonable expectation that there will be adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

#### Recognition of Income

Fee income is credited to the statement of comprehensive income over the period in which students are studying. Bursaries and scholarships are accounted for as expenditure and not deducted from income.

Government revenue grants, including funding council block grant, and research grants, are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as deferred income within creditors on the balance sheet and allocated between creditors due within one year and due after more than one year, as appropriate.

Revenue grants (including research grants) from non- government sources are recognised in income when the University is entitled to the income and performance related conditions have been met.

Government capital grants are recognised in income over the expected useful life of the asset to which they relate.

Capital grants from non-government sources are recognised in income when the University is entitled to the funds subject to any performance related conditions being 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, allocated between creditors due within one year and due after more than one year as appropriate.

All income from short-term deposits is credited to the Income and Expenditure Account on a receivable basis.

## 1. Statement of principal accounting policies (continued)

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

All other income is credited to the statement of comprehensive income when the goods or services are supplied or the terms of the contract have been met.

### Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. The University reviews the terms of its donations and endowments to ensure that the funds are applied in accordance with each donor's specified intentions.

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 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:

- a) Restricted donations- the donor has specified that the donation must be used for a particular objective;
- b) 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;
- c) 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;
- d) 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.

### Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling 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. Foreign exchange gains/losses are dealt with in the Statement of Comprehensive Income for the financial year.

### Retirement benefits

The University contributes to the Universities Superannuation Scheme (USS), the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). All schemes are defined benefit schemes. The USS and TPS schemes are both multi-employer schemes and it is not possible to identify the assets of the scheme which are attributable to the University due to the mutual nature of the schemes. These schemes are accounted for as defined contribution retirement benefit plans.

A defined contribution plan is a post-retirement benefit plan under which the employer 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 plans are recognised as an expense in the statement of comprehensive income in the periods during which the services are rendered by employees.

A liability is recorded within provisions for any contractual commitment to fund past deficits for these plans.

The University is able to identify its share of assets and liabilities of the LGPS and therefore accounts for this scheme as a defined benefit plan.

## 1. Statement of principal accounting policies (continued)

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risks (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 recognises a liability for its obligations under defined benefit plans 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.

### Other 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.

### Leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at an amount equal to the lower of their fair value and the present value of the minimum lease payments 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. Any lease premiums or incentives are spread over the minimum lease term.

### Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. 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 were revalued to fair value prior to the transition to the 2015 SORP and are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Depreciation and impairment losses are subsequently charged on the revalued amount.

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

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

### Depreciation

- Land  
Freehold land is not depreciated.
- Freehold buildings  
Depreciation on new and existing freehold buildings is provided on a straight line basis over their expected useful lives, as follows:
  - Buildings (frame)- 60 years
  - Buildings (mechanical and engineering additions)- 25 years
  - Fixtures and fittings- 10 years

## 1. Statement of principal accounting policies (continued)

- **Leased buildings**  
The costs of fitting out leased buildings are depreciated over the lesser of the assets' lives or the expected occupancy period.
- **Other tangible fixed assets**  
Furniture and fixed equipment for new and refurbished buildings are depreciated on a straight line basis over the life according to the relevant category from the date of expected use. Depreciation on all other equipment is calculated on a straight line basis from the month of purchase, over the life of the asset category.
- **Motor vehicles and office equipment - three years**
- **Computers - four to five years**
- **Furniture - five years**
- **Scientific equipment - two to ten years**
- **Assets under construction**  
Assets under construction are accounted for at a cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

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

### **Maintenance of assets**

The University has a rolling long term maintenance plan which is reviewed periodically and forms the basis of the ongoing maintenance of the estate. The cost of long-term and routine corrective maintenance is charged to the statement of comprehensive income as incurred.

### **Assets for resale**

Tangible fixed assets surplus to requirement are transferred to current assets and depreciated at cost.

### **Investments**

Fixed assets investments are carried at historical cost less any provision for impairment in their value.

### **Stocks**

Stocks are valued at the lower of cost and net realisable value.

### **Cash and cash equivalents**

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

### **Financial liabilities**

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction prices, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan.

### **Provisions**

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

The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects risks specific to the liability.

## 1. Statement of principal accounting policies (continued)

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.

### Taxation Status

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 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 cost of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

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

### 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 a designated specific purpose and therefore the University is restricted in the use of these funds.

## 2. Significant accounting estimates and judgements

Preparation of the financial statements requires management to make significant estimates and judgements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### Estimates in pension costs

The University has obligations to pay pension benefits to certain employees who are members of the Local Government Pension Scheme (LGPS), a scheme accounted for as a defined benefit plan. The cost of these benefits and the present value of the obligation depend on a number of factors including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors, using external professional advice, in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

The University has obligations to pay pension benefits to certain employees who are members of the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the Second State Pension. The University has committed to contribute to a deficit recovery plan for the scheme and management has calculated a provision for these costs in the balance sheet. The present value of the obligation depends on a number of factors including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors, using external professional advice, in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

### Estimates and judgements in fixed asset revaluation

On transition to FRS 102, the University has elected to use a revaluation of all of its land and buildings at 31 July 2014 as the deemed cost in its balance sheet. Management estimated a Fair Value, using external professional advice. Management took advice from GVA, an independent firm of chartered surveyors. The assessment of this advice and its underlying assumptions requires management's judgement.

GVA's formal valuation advice has been prepared in accordance with the RICS Valuation – Professional Standards January 2014, incorporating the International Valuation Standards 2013, International Financial Reporting Standards (IFRS) and The Government Financial Reporting Manual (FRM) Guidelines.

GVA's opinion of value was based on the IFRS 13 Definition of Fair Value and the definition adopted by the International Accounting Standards Board (IASB), as follows:

“the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

For those properties that were considered to be specialised, where a specialised property is one that is rarely if ever sold in the market (except by way of a sale of the business or entity of which it is part, due to uniqueness arising from its specialised nature and design, its configuration, size, location or otherwise) were valued using the Depreciated Replacement Cost (DRC). DRC is recognised under International Accounting Standard (IAS) 16 as a method of valuation for financial reporting purposes. The valuation was subject to adequate service potential, which is defined as: “The capacity of an asset to continue providing goods and services in accordance with the entity's objectives”. Accordingly, it was assumed that the current use/service would be continued by the University in its current localities. Any non-specialised properties have been valued adopting a market based approach in arriving at their Fair Value.

In accordance with the RICS Valuation – Professional Standards (January 2014), the Market Values of the properties for alternative use (on cessation of the existing business) are likely to be materially lower than the Fair Value, Market Value with continued use and Depreciated Replacement Cost figures reported.

Within the valuation, the Fair Values (Value in Use) were reported using an estimate to achieve a split between land and buildings and then, an estimation to split the building element into three components; building/frame, fit-out/refurbishment and mechanical/engineering.

## 2. Significant accounting estimates and judgements (continued)

Where the Depreciated Replacement Cost (DRC) approach was used, GVA estimated the remaining life of the building and its components based on information provided by management and where appropriate, the remaining life has been extended, or adjusted, to reflect significant expenditure on upgrades, refurbishment or new construction work

### Judgements in fixed asset additions

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the University from the asset beyond its previously assessed standard of performance. Management determine whether to capitalise fixed asset costs based on an assessment of whether they meet one of the following criteria: the market value of the fixed asset has subsequently improved; the asset's capacity increases; substantial improvement in the quality of output or reduction in operating costs; and significant extension of the asset's life beyond that conferred by repairs and maintenance. The assessment of these factors requires management's judgement.

### Estimates and judgements in depreciation

The annual depreciation charge for fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. Depreciation methods, useful economic lives and residual values are reviewed by management at the date of preparation of each Balance Sheet. They are amended where necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The assessment of these factors requires management's judgement.

### Judgements in classifying leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leases in which the University does not assume substantially all the risks and rewards of ownership of the leased asset are classified as operating leases. Management exercises judgement in classifying its leases for accounting purposes.

During the year, the University entered into a new lease agreement in respect of one of its buildings and management has classified the agreement as an operating lease. As the lessor is exposed to the residual value risk (as an option to purchase is at market value) and the University is unlikely to have use of the asset for the majority of its useful economic life (given that the building is listed), management made a judgement that the lessor has the risks and rewards of ownership of the leased asset, rather than the University.

### Estimates and judgements in accruals and provisions

Short term employee benefits are charged to the statement of comprehensive income as the employee service is received. An accrual is made for the cost of paid annual leave that has not been used at the financial year-end. The accrual requires management's best estimate of outstanding holiday balances based on a review of holiday records for a sample of academic, administrative and other staff. The assessment of this data requires management's judgement.

Provision is made for the cost of dilapidations of certain of the University's buildings. This provision requires management's best estimate of the costs that will be incurred to settle a present obligation and an estimate of any reimbursement of costs from sub-tenants. The amount recognised as a provision is discounted to present value where the time value of money is material. The timing of the estimated cash flows and the discount rates used to establish net present value of the obligations require management's judgement.



### 3. Tuition fees and education contracts

	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Full-time and undergraduate home and EU students	144,391	132,763	144,391	132,763
Full-time and postgraduate home and EU students	10,096	8,585	10,096	8,585
Part-time undergraduate home and EU students	6,673	6,299	6,673	6,299
Part-time postgraduate home and EU students	3,090	2,854	3,090	2,839
Overseas students	24,799	27,686	24,799	27,686
Fees from NHS contracts	29,321	27,823	29,321	27,823
Other fees and support grants	853	903	809	787
	<b>219,223</b>	<b>206,913</b>	<b>219,179</b>	<b>206,782</b>

### 4. Funding body contracts

	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Higher Education Funding Council for England				
Recurrent grant	17,339	18,667	17,339	18,667
Specific grants	2,215	2,461	2,215	2,461
National College for Teaching and Leadership				
Recurrent grant	105	234	105	234
Specific grants	173	371	173	371
Deferred capital grants released in year				
Recurrent grant	606	1,159	606	1,159
Specific grants	1,938	2,065	1,938	2,065
	<b>22,376</b>	<b>24,957</b>	<b>22,376</b>	<b>24,957</b>

### 5. Research grants and contracts

	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Research councils	477	483	477	483
UK based charities	877	529	861	520
UK central government bodies, local authorities and health authorities	3,563	3,239	3,540	3,181
UK industry, commerce and public corporations	603	427	581	340
EU government bodies	2,134	2,811	2,134	2,811
EU other	74	127	74	106
Other overseas	138	171	138	171
Other sources	78	176	75	165
	<b>7,944</b>	<b>7,963</b>	<b>7,880</b>	<b>7,777</b>

## 6. Other income

	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Residences, catering and conferences	3,305	3,815	2,928	3,413
Other services rendered	3,944	3,658	979	1,038
Other income	8,639	8,953	8,179	8,484
	<u>15,888</u>	<u>16,426</u>	<u>12,086</u>	<u>12,935</u>

## 7. Investment income

	Consolidated and University	
	2016 £000	2015 £000
Investment income on endowments	-	2
Other investment income	936	1,115
	<u>936</u>	<u>1,117</u>

## 8. Donations and endowments

	Consolidated and University	
	2016 £000	2015 £000
Unrestricted donations	93	135
	<u>93</u>	<u>135</u>

## 9. Staff Costs

	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
<b>Staff costs</b>				
Wages and salaries	130,471	130,627	128,217	128,524
Social security costs	11,525	10,593	11,420	10,502
Pension costs (note 23)	21,938	20,064	21,764	19,917
Restructuring costs	2,781	2,332	2,781	2,332
	<u>166,715</u>	<u>163,616</u>	<u>164,182</u>	<u>161,275</u>

Average number of staff employed during the year was made up as follows:

	Consolidated and University	
	2016 Number of FTE's	2015 Number of FTE's
Faculty / Research Institute based	2,044	2,049
Academic support departments	266	340
Project and Central activities	31	40
Administration	912	843
Other	247	248
	<u>3,500</u>	<u>3,520</u>

## 9. Staff Costs (continued)

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

	Consolidated and University	
	2016	2015
	Number	Number
£100,000 - £109,999	1	1
£110,000 - £119,999	1	1
£120,000 - £129,999	3	4
£130,000 - £139,999	2	3
£140,000 - £149,999	1	1
£150,000 - £159,999	1	1

### Emoluments of the Vice-Chancellor

	Consolidated and University	
	2016	2015
	£000	£000
<b>Current officer</b> (1 January 2016 to 31 July 2016)		
Salary	140	-
Other benefits	1	-
	<u>141</u>	<u>-</u>
Pension contributions	23	-
	<u><b>164</b></u>	<u>-</u>
<b>Previous officer</b> (to 30 April 2016)		
Salary	189	252
Bonus	-	45
Other benefits	3	3
	<u>192</u>	<u>300</u>
Pension contributions	-	-
	<u><b>192</b></u>	<u><b>300</b></u>

The emoluments of the Vice-Chancellor for the year ended 31 July 2016 include payments made to two officers during the handover period from 1 January 2016 to 30 April 2016.

### Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. The University defines the members of its University Leadership Team to be key management personnel. Compensation paid to key management personnel is included in staff costs.

	Consolidated and University	
	2016	2015
	£000	£000
Key management personnel compensation payable	2,175	2,170

### Payments to members of the Board of Governors

Members of the Board of Governors are trustees of the University as an exempt charity. The University is required under the Memorandum of Assurance and Accountability between HEFCE and Institutions to include in its audited financial statements information about payments to or on behalf of trustees, including expenses; payments to trustees for serving as trustees (and waivers of such payments); and payments for services provided to the University by its trustees. This information is disclosed in note 29.

## 10. Other operating expenses

Other operating expenses include:

	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Operating lease expenditure - land and buildings	2,026	1,788	2,026	1,788
Operating lease expenditure - equipment	62	304	62	304
External auditor's remuneration in respect of audit services	72	54	65	47
External auditor's in respect of non-audit services	34	9	33	8
Internal audit services	184	188	184	188

## 11. Interest and other finance costs

	Consolidated and University	
	2016 £000	2015 £000
Loans not wholly repayable within 5 years	2,255	2,304
Net charge on pension scheme (note 23)	3,527	3,131
	<u>5,782</u>	<u>5,435</u>

## 12. Analysis of total expenditure by activity

	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Academic Departments	120,624	114,776	120,236	114,347
Academic services	41,412	40,159	41,412	40,159
Administration and central services	39,393	43,581	38,827	43,032
Premises	35,903	32,953	35,924	32,925
Residences, catering and conferences	3,091	3,509	2,773	3,267
Research grants and contracts	8,530	9,232	8,463	9,101
Other expenses	14,415	13,398	11,823	10,969
	<u>263,368</u>	<u>257,608</u>	<u>259,458</u>	<u>253,800</u>

### 13. Tangible fixed assets - Consolidated

	Land and Buildings			Assets under Construction	Equipment	Total
	Freehold	Long lease hold	Short lease hold			
	£000	£000	£000			
<b>Cost</b>						
At 1 August 2015	264,316	11,717	1,951	30,651	43,028	351,663
Additions	14,734	764	-	10,444	6,459	32,401
Transfers	23,300	397	-	(26,134)	2,437	-
<b>At 31 July 2016</b>	<b>302,350</b>	<b>12,878</b>	<b>1,951</b>	<b>14,961</b>	<b>51,924</b>	<b>384,064</b>
<b>Depreciation</b>						
At 1 August 2015	13,393	3,487	1,951	-	30,579	49,410
Charge for year	14,530	1,260	-	-	4,227	20,017
<b>At 31 July 2016</b>	<b>27,923</b>	<b>4,747</b>	<b>1,951</b>	<b>-</b>	<b>34,806</b>	<b>69,427</b>
<b>Net Book Value</b>						
At 31 July 2016	<b>274,427</b>	<b>8,131</b>	<b>-</b>	<b>14,961</b>	<b>17,118</b>	<b>314,637</b>
At 31 July 2015	250,923	8,230	-	30,651	12,449	302,253

On transition to FRS 102, the University has elected to use a revaluation of all of its land and buildings at 31 July 2014 as the deemed cost in its balance sheet. The total net book value of the University's assets was increased by £100,747,000 as at 31 July 2014 on the basis of this revaluation, as set out in note 30.

The land and buildings were revalued by GVA, an independent firm of chartered surveyors, in accordance with the fixed assets accounting policy outlined in note 1. The methods and significant assumptions applied in estimating the fair value used as deemed cost are outlined in note 2.

At 31 July 2016, freehold land and buildings included £21,812,000 (2015: £21,340,000) in respect of freehold land and is not depreciated.

## 14. Tangible fixed assets - University

	Land and Buildings			Assets under Construction	Equipment	Total
	Freehold	Long lease hold	Short lease hold			
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1 August 2015	264,316	11,717	1,951	30,651	43,002	351,637
Additions	14,734	764	-	10,444	6,459	32,401
Transfers	23,300	397	-	(26,134)	2,437	-
<b>At 31 July 2016</b>	<b>302,350</b>	<b>12,878</b>	<b>1,951</b>	<b>14,961</b>	<b>51,898</b>	<b>384,038</b>
<b>Depreciation</b>						
At 1 August 2015	13,393	3,487	1,951	-	30,571	49,402
Charge for year	14,530	1,260	-	-	4,225	20,015
<b>At 31 July 2016</b>	<b>27,923</b>	<b>4,747</b>	<b>1,951</b>	<b>-</b>	<b>34,796</b>	<b>69,417</b>
<b>Net Book Value</b>						
At 31 July 2016	<b>274,427</b>	<b>8,131</b>	<b>-</b>	<b>14,961</b>	<b>17,102</b>	<b>314,621</b>
At 31 July 2015	250,923	8,230	-	30,651	12,431	302,235

On transition to FRS 102, the University has elected to use a revaluation of all of its land and buildings at 31 July 2014 as the deemed cost in its balance sheet. The total net book value of the University's assets was increased by £100,747,000 as at 31 July 2014 on the basis of this revaluation, as set out in note 30.

The land and buildings were revalued by GVA, an independent firm of chartered surveyors, in accordance with the fixed assets accounting policy outlined in note 1. The methods and significant assumptions applied in estimating the fair value used as deemed cost are outlined in note 2.

At 31 July 2016, freehold land and buildings included £21,812,000 (2015: £21,340,000) in respect of freehold land and is not depreciated.

## 15. Non-current investments

	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Investments in subsidiaries and indirect holdings	45	45	42	42

The subsidiary companies (all of which are registered in England and Wales), wholly owned by the University, are as follows:

Name of company	Principal Activity	Percentage of Ordinary Shares Held
Collegiate Properties Ltd*	Dormant	100
Sheffield Hallam Innovation and Enterprise Ltd	Holding Company	100
Sheffield Hallam University Enterprises Ltd	Consultancy, provision of conference facilities and letting of accommodation	100

\*this company is exempt from an audit by virtue of s477 of the Companies Act 2006

The University holds indirect investments in other companies through Sheffield Hallam Innovation and Enterprise Ltd (all of which are registered in England and Wales) as follows:

Name of company	Principal Activity	Percentage of Ordinary Shares Held
Sheaf Innovations Limited**	Research	24.9
Barrcoat AB**	Research	20.6
Xeracarb Limited	Research	7.2
Mikana Innovations Limited	Metal production	8.2

\*\*the results and net assets of these companies are not material to the University and, therefore, excluded from the University's consolidated financial statements.

## 16. Investments in joint ventures

The University holds a 25% shareholding in the joint venture company Stem Learning Limited (previously named Myscience.co Limited), which operates the National Science Learning Centre as a centre for excellence for science teachers' continuing professional development.

Share of net assets	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
At 1 August	50	-	-	-
Share of operating (deficit)/ surplus	(3)	50	-	-
	47	50	-	-
Net assets comprised of:				
Share of gross assets	926	999	-	-
Share of gross liabilities	(879)	(949)	-	-
Investment in joint venture	47	50	-	-

The University's 25% share of the turnover of Stem Learning Limited of £2,751,000 (2015: £2,862,000) is excluded from the University's consolidated income.

## 17. Debtors

Amounts falling due within one year	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Other trade receivables	11,383	13,108	10,640	12,157
Prepayments	4,588	3,200	4,586	3,201
Accrued Income	3,072	4,438	2,871	4,322
Amounts owed by group undertakings	-	-	14	-
	<u>19,043</u>	<u>20,746</u>	<u>18,111</u>	<u>19,680</u>

## 18. Current investments

	Consolidated and University	
	2016 £000	2015 £000
Short term deposits	35,000	51,999

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months maturity but less than twelve months at the inception date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

The weighted average interest rate on these fixed rate deposits was 0.9% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 83.6 days.

## 19. Creditors - amounts falling due within one year

	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Unsecured loans (note 21)	2,497	2,462	2,497	2,462
Trade payables	7,436	5,990	7,434	5,984
Social security and other taxation payable	4,060	3,661	3,902	3,661
Accruals and deferred income	22,540	23,829	21,981	22,927
Payments received on account	10,237	11,640	9,898	11,254
Amounts owed to group undertakings	-	-	-	90
	<u>46,770</u>	<u>47,582</u>	<u>45,712</u>	<u>46,378</u>

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

	Consolidated and University	
	2016 £000	2015 £000
Capital grant income	2,714	2,592



## 20. Creditors - amounts falling due after more than one year

	Consolidated and University	
	2016	2015
	£000	£000
Accruals and deferred income	24,855	23,667
Unsecured Loans (note 21)	66,635	69,132
	<u>91,490</u>	<u>92,799</u>

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

	Consolidated and University	
	2016	2015
	£000	£000
Capital grant income	24,855	23,667

## 21. Borrowings

	Consolidated and University	
	2016	2015
	£000	£000
<b>Analysis of unsecured loans</b>		
Due within one year	2,497	2,462
Due between one and two years	2,562	2,497
Due between two and five years	8,046	7,858
Due in five years or more	56,027	58,777
	<u>69,132</u>	<u>71,594</u>

Unsecured loans relate to a term loan with Barclays Bank plc to 2037. The interest is charged at a fixed rate of 5.22% on £38.1m (2015: £39.0m) and a variable rate on the remaining £31.0 m (2015: £32.6m). The facility is unsecured.

## Financial instruments

The University's financial assets include trade debtors, accrued income and short-term deposits, which are disclosed in Notes 17 and 18, and are held at amortised cost. The University's financial liabilities include trade payables, accruals and loans, which are disclosed in Note 19 and are held at amortised cost.

## 22. Provisions

	Pension Provisions				Consolidated and University Other provisions		
	LGPS pension scheme	USS pension scheme	Total pension provisions	Pension enhancement on termination	Restructuring	Other	Total other provisions
	£000	£000	£000	£000	£000	£000	£000
At 1 August 2015	91,089	2,468	<b>93,557</b>	476	605	2,800	<b>3,881</b>
Created in year	52,840	296	53,136	458	984	2,046	3,488
Utilised in year	(9,131)	(111)	(9,242)	(519)	(580)	-	(1,099)
Released in year	-	-	-	(18)	(25)	-	(43)
At 31 July 2016	<b>134,798</b>	<b>2,653</b>	<b>137,451</b>	<b>397</b>	<b>984</b>	<b>4,846</b>	<b>6,227</b>

The LGPS pension provision represents an estimate of the University's net liability in respect of the Local Government Pension Scheme (accounted for as a defined benefit scheme) and is explained further in note 23.

The USS pension provision represents an estimate of the cost of additional deficit contributions to the Universities Superannuation Scheme (accounted for as a defined contribution scheme). The obligation to fund the past deficit on the USS arises from the contractual obligation with the pension scheme for total payments relating to past performance. Management has assessed further employees within the USS and salary payment over the period of the contracted obligation in assessing the value of this obligation. The provision assumes a discount rate of 1.7% (2015: 3.5%). Further details of the USS are provided in note 23.

The pension enhancement on termination provision is in respect of pension enhancements payable on behalf of staff who have taken early retirement. This will be utilised over the period of retirement. The amount recognised as a provision has not been discounted to present value as the time value of money is not material.

The restructuring provision is in respect of redundancy payments and other one-off costs arising from the reorganisation of various elements of the University's academic and administrative portfolio. This is expected to be utilised during 2016/17.

The other provision relates to dilapidation costs arising from leased properties. It is expected that this will be utilised over the next five years. The provision is net of anticipated reimbursement of costs from sub-tenants and is subject to negotiation with parties of the relevant lease agreements in place.

## 23. Pension costs

The University's employees belong to three principal pension schemes, the Teachers' Pension Scheme (TPS), the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS).

	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Teachers' Pension Scheme	10,256	8,737	10,174	8,673
Universities Superannuation Scheme	1,562	2,518	1,550	2,500
Local Government Pension Scheme	10,120	8,809	10,040	8,744
<b>Total pension cost (note 9)</b>	<b>21,938</b>	<b>20,064</b>	<b>21,764</b>	<b>19,917</b>

### Teachers' Pension Scheme (TPS)

The University participates in the Teachers' Pension Scheme, a statutory, unfunded, defined benefit scheme. Contributions from both members and employers are credited to the Exchequer, which is then responsible for meeting the cost of all benefits. The TPS is a multi-employer pension scheme and it is not possible to identify each institution's share of the underlying (notional) assets and liabilities of the scheme. Contributions to the scheme are therefore accounted for as if it were a defined contribution scheme, with the cost recognised within the surplus/deficit for the year in the income and expenditure account being equal to the contributions payable to the scheme for the year.

Tiered employee contributions (and an increase in the average contribution rate) were introduced to the TPS in April 2012 following the recommendations of Lord Hutton, chair of the Independent Public Service Pensions Commission, in his interim report reviewing the sustainability and affordability of public sector pension schemes.

The employer contribution rate for the Teachers' Pension Scheme increased from 14.1% to 16.48% from 1 September 2015 and the employer cost cap (the mechanism by which the scheme costs are managed in the long term) is 10.9%.

In accordance with the Scheme regulations, pension payments were increased by 1.2% from 6 April 2015-16 (2014-15: 2.7% increase) reflecting the change in CPI for the year ended September 2014.

Latest actuarial valuation	31 March 2012
discount rate per annum (real)	3.00%
Long term salary increases per annum	4.75%
Pension increases per annum	2.00%
Value of notional assets at date of last valuation	£176,600m
Value of liabilities at date of last valuation	£191,500m
Notional past service deficit	£15,000m

As at 31 March 2016 the scheme had net liabilities of £271.9bn (2014/15: £275.5bn).

Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data for financial reporting purposes. The amounts recognised in the 2015/16 Accounts were prepared using full membership data as at 31 March 2014, with an approximate updating to 31 March 2016 to reflect known changes.

A new scheme ("the 2015 Scheme") was introduced from 1 April 2015. The 2015 Scheme is based on career average, rather than final salary and there is a normal pension age aligned to the state pension age.

### 23. Pension costs (continued)

There are no changes to the salary bands and rates from 2015-16 to 2016-17. The following table shows the rates applied for each salary band:

	2016/17	2015/16
£1 - £25,999	7.4%	7.4%
£26,000 - £34,999	8.6%	8.6%
£35,000 - £41,499	9.6%	9.6%
£41,500 - £54,999	10.2%	10.2%
£55,000 - £74,999	11.3%	11.3%
£75,000 or more	11.7%	11.7%

There was a balance of £1,381,000 owing by the University at 31 July 2016 (2015: £1,253,000).

#### Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme (USS), a defined benefit only scheme until 31 March 2016, which is contracted out of the State Second Pension. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Due to the mutual nature of the scheme, the institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme for the accounting period.

Since the University has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the University recognises a liability for the contributions payable that will arise from the agreement to the extent that they relate to the deficit and the resulting expense in the Statement of Comprehensive Income (see note 22).

The total cost charged to the Statement of Comprehensive Income is £1,562,000 (2015: £2,518,000). There was a balance of £193,000 owing by the University at 31 July 2016 (2015: £177,000).

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Latest actuarial valuation	31 March 2014
Value of assets of the scheme at the date of last valuation	£41,600m
Value of scheme's technical provisions	£46,900m
Indicating a shortfall of	£5,300m

The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Males members' mortality	98% of S1NA "light" YoB tables - no age rating
Female members' mortality	99% of S1NA "light" YoB tables - rates down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates, the CMI 2014 projections with a 1.5% pa long term rate were also adopted.

Males (females) currently aged 65	24.3 (26.5)
Males (females) currently aged 45	26.4 (28.8)

### 23. Pension costs (continued)

The actuary for the scheme carries out regular reviews of the funding levels and in particular each year between the triennial valuations and details of these for 2016 and 2015 are shown below.

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Pension increases (CPI)	2.2%	2.2%
	2016	2015
Scheme assets	£49,800m	£49,100m
Total scheme Liabilities	£58,300m	£60,200m
FRS 102 total scheme deficit	£8,500m	£11,100m
FRS 102 total funding level	85%	82%

As at the valuation date of 31 March 2014 the scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rates was 16% of salaries.

Since the valuation effective date, there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

- New entrants are now provided benefits on a Career revalued Benefits (CRB) basis rather than a Final Salary (FS) basis
- The normal pensionable age was increased for future service and new entrants to age 65
- Flexible retirement options were introduced)
- Members' contributions were uplifted to 7.5% for FS Section Members and 6.5% for CRB Section members, up to 31 March 2016. From 1 April 2016 the contribution rate for all members increased to 8%

A new Recovery Plan to address the scheme deficit was agreed in July 2016. The Recovery Plan runs until 31 March 2031.

The employer contribution rate for the year ended 31 March 2017 is 18% (year to 31 March 2016: 16%). The employer contribution rates include a contribution toward the shortfall.

#### Local Government Pension Scheme (LGPS)

The University participates in the Local Government Pension Scheme (LGPS), a defined benefit scheme which is externally funded and contracted out of the State Earnings-Related Pension Scheme. There are some 100 separate funds within the scheme, administered locally by administering authorities. The University participates in the South Yorkshire Pension Fund (SYPF).

The SYPF is valued every three years by a qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the actuary with the approval of the administering authority. The last full actuarial valuation was carried out at 31 March 2013.

The SYPF is structured in such a way that the actuary has been able to identify the University's share of the underlying assets and liabilities on a consistent and reasonable basis.

The total contributions of paid for the year ended 31 July 2016 was £12,475,000 of which employers contributions totalled £9,131,000 and employees contributions totalled £3,344,000. For the year ended 31 March 2017 the employer contribution rate is 17.8% (year ended 31 March 2016: 17.6%) and the employee rates are on a sliding scale based on earnings, the rate varying between 5.5% and 12.5% (year ended 31 March 2016: between 5.5% and 12.5%).

### 23. Pension costs (continued)

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified independent actuary.

There was a balance of £1,037,000 owing by the University at 31 July 2016 (2015: £1,005,000).

The material assumptions used by the actuary at 31 July were:

	2016	2015
Rate of increase in salaries	3.45%	3.95%
Rate of increase in pensions in payment	1.8%	2.2%
Discount rate	2.6%	3.8%
Inflation assumption	1.7%	2.2%
Proportion of employees opted to take a committed lump sum	50.0%	50.0%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At July 2016	At July 2015
Retiring today		
Males	23.0	23.0
Females	25.7	25.6
Retiring in 20 years		
Males	25.4	25.3
Females	28.5	28.4

The estimated contribution to the defined benefit scheme for the year 2016/17 is £8,737,000.

#### Scheme assets

The assets in the LGPS scheme were:

	2016 Fund value £000	2015 Fund value £000	2014 Fund value £000
Equities	162,893	141,908	130,049
Government bonds	41,839	34,163	27,838
Other bonds	17,293	14,095	14,025
Property	30,682	27,474	22,950
Cash / Liquidity	4,742	4,300	3,825
Other	21,477	16,962	13,813
	<b>278,926</b>	<b>238,902</b>	<b>212,500</b>

## 23. Pension costs (continued)

<b>Analysis of the amount shown in the balance sheet</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Total fair value of assets	278,926	238,902
Present value of funded scheme liabilities	(413,628)	(329,903)
Present value of unfunded scheme liabilities	(96)	(88)
Deficit in scheme- net pension liability	<b>(134,798)</b>	<b>(91,089)</b>
<b>Amounts charged to staff costs</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Current service cost	(10,127)	(8,690)
Settlements and curtailments	(351)	(293)
Total operating charge	<b>(10,478)</b>	<b>(8,983)</b>
<b>Amounts charged to interest payable and other finance costs</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Interest on pension scheme assets	9,190	9,266
Interest on pension scheme liabilities	(12,477)	(12,154)
Administration expenses	(198)	(197)
Net interest cost	<b>(3,485)</b>	<b>(3,085)</b>
<b>Amounts recognised in other comprehensive income</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Remeasurements ( pension scheme assets)	25,166	11,338
Change in financial and demographic assumptions underlying the scheme liabilities	(64,043)	(27,695)
Actuarial loss in respect of the pension scheme	<b>(38,877)</b>	<b>(16,357)</b>
<b>Movement in deficit in the year</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Deficit in the scheme at 1 August	(91,089)	(71,595)
Current service costs	(10,127)	(8,690)
Contributions	9,131	8,931
Past service costs	(351)	(293)
Other finance costs	(3,485)	(3,085)
Actuarial loss	(38,877)	(16,357)
Deficit in the scheme provided at 31 July (note 22)	<b>(134,798)</b>	<b>(91,089)</b>

## 23. Pension costs (continued)

<b>Analysis of the movement in the present value of scheme liabilities</b>	<b>2016 £000</b>	<b>2015 £000</b>
Liabilities at 1 August	329,991	284,095
Service cost	10,127	8,690
Interest cost	12,477	12,154
Employee contributions	3,344	3,353
Actuarial loss on liabilities	64,043	27,695
Benefits paid	(6,609)	(6,289)
Settlements and curtailments	351	293
Liabilities at 31 July	<b>413,724</b>	<b>329,991</b>

<b>Analysis of the movement in the market value of scheme assets</b>	<b>2016 £000</b>	<b>2015 £000</b>
Assets at 1 August	238,902	212,500
Interest income on plan assets	9,190	9,266
Actuarial gain on assets	25,166	11,338
Administration expenses	(198)	(197)
Employer contributions	9,131	8,931
Employee contributions	3,344	3,353
Benefits paid	(6,609)	(6,289)
Assets at 31 July	<b>278,926</b>	<b>238,902</b>

<b>History of experience gains and losses</b>	<b>2016 £000</b>	<b>2015 £000</b>	<b>2014 £000</b>	<b>2013 £000</b>	<b>2012 £000</b>
Actual return less expected return on pension scheme assets	25,166	11,338	1,931	17,687	(3,725)
% of scheme assets	9.0%	4.8%	0.9%	9.1%	2.3%
Experience gains and losses arising on scheme liabilities	-	-	(1,817)	-	-
% of present value of scheme liabilities	0%	0%	0.6%	0%	0%
Total amount recognised in statement of total recognised gains and losses	(38,877)	(16,357)	(8,673)	12,569	(11,039)
% of present value of scheme liabilities	9.4%	5.0%	3.1%	4.9%	4.7%



## 24. Endowment reserve

Restricted net assets relating to expendable endowments are as follows:

	Consolidated and University	
	2016	2015
	£000	£000
<b>Balances at 1 August</b>	<b>68</b>	<b>93</b>
New endowments	15	19
Investment income	-	2
Expenditure	(38)	(46)
Total endowment comprehensive income for the year	<b>(23)</b>	<b>(25)</b>
<b>At 31 July</b>	<b>45</b>	<b>68</b>
<b>Analysis by type of purpose:</b>		
Scholarships and bursaries	45	68
<b>Analysis by asset:</b>		
Current asset investments	45	68

## 25. Lease obligations

	Consolidated and University	
	2016	2015
	£000	£000
<b>Total commitments under operating leases as at 31 July expiring:</b>		
<b>Buildings</b>		
Within one year	1,518	1,128
Between one and five years	5,583	2,490
Over five years	22,707	544
<b>Equipment</b>		
Within one year	244	271
Between one and five years	294	311
Over five years	-	-
	<b>30,346</b>	<b>4,744</b>

## 26. Capital commitments

	Consolidated and University	
	2016	2015
	£000	£000
Commitments contracted at 31 July	8,993	11,835
Authorised but not contracted at 31 July	28,061	23,142
	<b>37,054</b>	<b>34,977</b>

The capital commitment includes £21,056, 000 of spend which will be grant funded.

## 27. Amounts disbursed as agent of National College for Teaching and Leadership

These funding streams are available solely for students, with the University acting only as a paying agent. The income and related disbursements are therefore excluded from the Income and Expenditure Account. The University receives income towards the cost of administering these funds and both this income and the related expenditure are included within the Income and Expenditure Account.

	<b>Consolidated and University</b>	
	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Initial teacher training bursaries</b>		
Funds received	4,068	2,995
Disbursed to students	(3,760)	(2,838)
	<b>308</b>	<b>157</b>

## 28. Related party transactions

The Governors have considered the requirements of Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland which apply 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 a certain number 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 directors, employees or partners.

Nonetheless the Governors consider it appropriate to disclose the following transactions for the period covered by the Financial Statements where a parent company directorship or partner status in a professional firm is involved.

Professor Philip Jones, Vice-Chancellor and member of the Board of Governors (to 31 December 2015), was a director of Yorkshire Universities (to 31 December 2015) and Professor Chris Husbands, Vice-Chancellor and member of the Board of Governors (from 1 January 2016), was a director of Yorkshire Universities (from 1 January 2016). Yorkshire Universities received payments from the University of £16,120 (2014/15: £16,120) in relation to the membership subscription.

Professor Philip Jones was a member of the Board of the National Science Learning Centre which made payments to the University of £290,332 (2014/15: £383,924) in relation to the running of the Science Learning Centre Derbyshire, Yorkshire and the Humber North East and the provision of courses by the Science Learning Centre. In addition, the University made payments of £2,411 (2014/15: £7,169) to the National Science Learning Centre for course fees and catering.

Professor Chris Husbands was a member of the Board of Sheffield College from 1 July 2016. Sheffield College made payments to the University of £178,938 (2014/15: £136,140) in relation to course fees and sponsorship of fees. In addition, Sheffield College received payments from the University of £130,358 (2014/15: £93,921) in relation to employer contribution to course delivery fees for apprentices, fees for preparation of Individualised Learner Records, student placements, tuition fees, teaching provided by Sheffield College and fees for student being interviewed in a promotional film.

Professor Chris Husbands was a member of the Board of HESA from 7 March 2016 which received payments from the University of £61,533 (2014/15: £68,692) in relation to the HESA subscription fee and training. In addition, HESA made payments to the University of £220 (2014/15: £nil) for travel expenses.

Mr Geoff Dawson, a Governor, was a director of the University and Colleges Employers Association (UCEA) which received payments of £14,248 (2014/15: £12,407) in relation to the annual subscription to UCEA and training and conferences.

Mr Geoff Dawson was a member of the Board of the Leadership Foundation for Higher Education which received payments from the University of £42,957 (2014/15: £71,054) in relation to annual membership fees (for 2016/17) and the provision of training and staff/governor development.

Mr Neil MacDonald, a Governor, was a director of Sheffield Children's Hospital Foundation Trust which made payments to the University of £119,283 (2014/15: £54,822) in relation to consultancy services, collaborative research, collaborative provision, course provision, tuition fees, conference services, room hire and catering. In addition, the University made payments of £21,775 (2014/15: £49,544) to Sheffield Children's Hospital Foundation Trust in relation to staff secondment, student secondment and placement.

Mr Neil MacDonald, a Governor, was a trustee of the Combined Cutlers' Company Charitable Trust which received payments from the University of £39,651 (2014/15: £2,422) in relation to conferences, room hire and catering.

## 28. Related party transactions (continued)

Mr Stuart Britland, a Governor, was a director of Sheffield International Venues Limited which received payments of £294,825 (2014/15: £340,541) in relation to provision of sporting and conference facilities, facilities for University Graduation catering and athletics memberships for University athletics club. In addition, the University received payments of £5,964 (2014/15: £7,934) from Sheffield International Venues Limited in relation to Athletics Unlimited income.

Mr Stuart Britland, a Governor, was a non-executive director and trustee of Seven Hills Leisure Trust which received payments of £44,517 (2014/15: £7,214) in relation to provision of sporting facilities and staffing.

Payments to Stuart Britland Advisory Services, a business owned by Mr Stuart Britland, a Governor, are detailed in note 29.

Dr Julie Morrissy, a Governor, was a partner at Irwin Mitchell LLP which received payments of £150,758 (2014/15: £143,619) in relation to professional fees and disbursements. In addition, Irwin Mitchell made payments of £800 (2014/15: £500) in relation to sponsorship of awards.

Ms Rosemary Downs, a Governor, and Mr Neil MacDonald, a Governor, were members of the Board of Museums Sheffield which received payments of £37,426 (2014/15: £47,466) in relation to educational visits, exhibitions and room and equipment hire. Mr MacDonald joined the Board on 18 January 2016.

Mr Steve Jones, a Governor, was an elected member of Sheffield City Council (to 5 May 2016) which received payments (excluding council tax and rates payments) of £314,912 (2014/15: £322,032) in relation to estates and facilities charges including rent and building regulations fees, room hire, social work placement fees, staff costs, charges related to car park management, marketing and sponsorship, training, conference and event charges, course charges, transport costs, journal costs, contribution to Sheffield First Partnership, charges related to the operation of the Sheffield Food Festival, contribution to the bid costs for Sheffield Knowledge Gateway Project, contribution to the Renew Sheffield project and contribution to the costs of the RISE graduate internship scheme. The University received payments from Sheffield City Council of £107,186 (2014/15: £168,262) in relation to conference fees, course fees, printing, market research, events sponsorship of tuition fees, car park income, sponsorship of an award, room hire, consultancy and contract research.

The following Executive Officers of Sheffield Hallam University Union of Students were members of the Board of Governors during the 2015/16 financial year:

Mr D Adaramewa was a member of the Board of Governors from July 2015 to June 2016;

Mr H El Zafar was a member of the Board of Governors from July 2015 to June 2016;

Mr P Neild was a member of the Board from July 2016 and his period of office continues to June 2017; and

Ms E Wilkes was a member of the Board from July 2016 and her period of office continues to June 2017.

Sheffield Hallam University made payments to the Sheffield Hallam University Union of Students of £2,798,898 (2014/15: £2,750,553) in relation to the yearly grant made to the Students' Union by the University, Sport Hallam subscriptions and other sports-related activities and charges, sports equipment, estates and facilities charges, catering and hospitality, security and DJ fees, sports event tickets, marketing and merchandising, uniforms and clothing, technical services, Sports Ball sponsorship, reimbursement of SHUcard sales, funding for Nightline, contribution to Healthy Hallam, contribution to Poetry Night and funding for a project run as part of the Catalyst Festival of Creativity, a University-wide initiative which was part of the Year of Making. Sheffield Hallam University received payments from the Sheffield Hallam University Union of Students of £533,902 (2014/15: £375,725) in relation to estates and facilities charges, contribution to HUBS refurbishment programme, first aid services, catering, printing, course charges, sponsorship, charges for IT support and equipment, telephone charges, operation of student society, sports charges and merchandise.

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

## 29. Transactions with trustees

Members of the Board of Governors are trustees of the University as an exempt charity. The University is required under the Memorandum of Assurance and Accountability between HEFCE and Institutions to include in its audited financial statements information about payments to or on behalf of trustees, including expenses; payments to trustees for serving as trustees (and waivers of such payments); and payments for services provided to the University by its trustees.

As employees of the University Professor Philip Jones (Vice-Chancellor to 31 December 2015) and Professor Chris Husbands (Vice-Chancellor from 1 January 2016) received remuneration in connection with their employment and this is disclosed in note 9.

Mr Dan Bye, a Governor, was a member of staff of the University elected as a governor by and from the professional services staff of the University for the year ended 31 July 2016. Dr Peter Jones and Dr Steve Jones were governors and members of academic staff of the University elected by and from the academic staff of the University for the year ended 31 July 2016. As such they were paid by the University in connection with their employment but received no supplementary payment for their membership of Board of Governors.

Mr Stuart Britland, a Governor, was the owner of Stuart Britland Advisory Services, which received payments of £4,992 (2014/15: £4,992) in relation to provision of specialist management advice.

During 2015/16, expenses in relation to travel, subsistence and a contribution to a meeting cost and THES subscriptions totalling £17,000 (2014/15: £13,000) were paid to or on behalf of eleven (2014/15: sixteen) members of the Board of Governors.

Other than expenses, members of the Board of Governors did not receive any payments or other benefits for serving on the Board. In addition, other than the transactions with trustees listed above members of the Board of Governors did not receive any payments for services provided by the member of the Board to the University. Transactions with related parties are declared in note 28.

### 30. Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the 2015 SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 July 2016, the comparative information presented in these financial statements for the year ended 31 July 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2016. In preparing its FRS102, 2015 SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the 2015 SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables:

Financial position	Note	Consolidated		University	
		1 August 2014 £000	31 July 2015 £000	1 August 2014 £000	31 July 2015 £000
Total reserves under 2007 SORP		<b>148,676</b>	<b>138,130</b>	<b>148,674</b>	<b>138,078</b>
Fixed assets	A	100,747	97,316	100,747	97,316
Dilapidations costs provision	A	(770)	(770)	(770)	(770)
LGPS Pension liability	B	-	-	-	-
USS Pension liability	C	(1,288)	(2,468)	(1,288)	(2,468)
Grant income	D	(24,319)	(26,259)	(24,319)	(26,259)
Holiday pay accrual	E	(5,126)	(5,202)	(5,126)	(5,202)
Total effect of transition to 2015 SORP		<b>69,244</b>	<b>62,617</b>	<b>69,244</b>	<b>62,617</b>
Total reserves under 2015 SORP		<b>217,920</b>	<b>200,747</b>	<b>217,918</b>	<b>200,695</b>
Financial performance		Consolidated Year ended 31 July 2015 £000		University Year Ended 31 July 2015 £000	
Surplus for the year under 2007 SORP			<b>7,691</b>		<b>7,641</b>
Fixed assets	A		(3,431)		(3,431)
LGPS Pension liability	B		(3,795)		(3,795)
USS Pension liability	C		(1,180)		(1,180)
Grant income	D		-		-
Holiday pay accrual	E		(76)		(76)
Donations and Endowments	F		(25)		(25)
Total effect of transition to 2015 SORP			<b>(8,507)</b>		<b>(8,507)</b>
Deficit for the year under 2015 SORP			<b>(816)</b>		<b>(866)</b>
Other comprehensive income under 2007 SORP			<b>(20,177)</b>		<b>(20,177)</b>
LGPS pension liability	B		3,795		3,795
Donations and Endowments	F		25		25
			<b>3,820</b>		<b>3,820</b>
Total Comprehensive income for the year under 2015 SORP			<b>(17,173)</b>		<b>(17,223)</b>

The only impact on the transition to FRS102 on the cash flows of the university or the group is the re-classification of some short term investments to cash and cash equivalents.

**30. Transition to FRS102 and the 2015 SORP (continued)**  
**Consolidated**

	Notes	2007 SORP £000	1 August 2014 Effect of transition to 2015 SORP £000	2015 SORP £000	2007 SORP £000	31 July 2015 Effect of transition to 2015 SORP £000	2015 SORP £000
<b>Non-current assets</b>							
Fixed Assets	A	184,197	100,747	284,944	204,937	97,316	302,253
Investments		45	-	45	45	-	45
Investments in joint ventures		-	-	-	50	-	50
		<b>184,242</b>	<b>100,747</b>	<b>284,989</b>	<b>205,032</b>	<b>97,316</b>	<b>302,348</b>
Endowment Assets	F	546	(546)	-	521	(521)	-
<b>Current Assets</b>							
Stock		90	-	90	114	-	114
Debtors		20,172	-	20,172	20,746	-	20,746
Investments	F,G	130,833	(100,773)	30,060	113,581	(61,582)	51,999
Cash and cash equivalents	G	591	101,319	101,910	1,256	62,103	63,359
		<b>151,686</b>	<b>546</b>	<b>152,232</b>	<b>135,697</b>	<b>521</b>	<b>136,218</b>
<b>Less: Creditors: amounts falling due within one year</b>	D,E	(43,984)	(8,404)	(52,388)	(39,788)	(7,794)	(47,582)
<b>Net current assets</b>		<b>107,702</b>	<b>(7,858)</b>	<b>99,844</b>	<b>95,909</b>	<b>(7,273)</b>	<b>88,636</b>
<b>Total assets less current liabilities</b>		<b>292,490</b>	<b>92,343</b>	<b>384,833</b>	<b>301,462</b>	<b>89,522</b>	<b>390,984</b>
Creditors: amounts falling due after more than one year	D	(71,594)	(21,041)	(92,635)	(69,132)	(23,667)	(92,799)
<b>Provisions</b>							
Pension provisions	B,C	(71,595)	(1,288)	(72,883)	(91,089)	(2,468)	(93,557)
Other provisions	A	(625)	(770)	(1,395)	(3,111)	(770)	(3,881)
<b>Total net assets</b>		<b>148,676</b>	<b>69,244</b>	<b>217,920</b>	<b>138,130</b>	<b>62,617</b>	<b>200,747</b>
<b>Deferred capital grants</b>	D	24,319	(24,319)	-	26,259	(26,259)	-
<b>Endowments-expendable</b>	F	546	(546)	-	521	(521)	-
<b>Restricted reserves</b>							
Income and expenditure reserve - endowment reserve		-	93	93	-	68	68
Income and expenditure reserve - restricted reserve		-	23	23	-	33	33
<b>Unrestricted reserves</b>							
Income and expenditure account excluding pension reserve		179,169	38,635	217,804	186,546	14,100	200,646
Pension reserve		(71,595)	71,595	-	(91,089)	91,089	-
Revaluation reserve		15,721	(15,721)	-	15,406	(15,406)	-
Capital reserve		516	(516)	-	487	(487)	-
Income and expenditure reserve-unrestricted	A,B,D,E	123,811	93,993	217,804	111,350	89,296	200,646
<b>Total Reserves</b>		<b>148,676</b>	<b>69,244</b>	<b>217,920</b>	<b>138,130</b>	<b>62,617</b>	<b>200,747</b>

**30. Transition to FRS102 and the 2015 SORP (continued)**  
**University**

	Notes	2007 SORP £000	1 August 2014 Effect of transition to 2015 SORP £000	2015 SORP £000	2007 SORP £000	31 July 2015 Effect of transition to 2015 SORP £000	2015 SORP £000
<b>Non-current assets</b>							
Fixed Assets	A	184,168	100,747	284,915	204,919	97,316	302,235
Investments		42	-	42	42	-	42
Investments in joint ventures		-	-	-	-	-	-
		<b>184,210</b>	<b>100,747</b>	<b>284,957</b>	<b>204,961</b>	<b>97,316</b>	<b>302,277</b>
Endowment Assets	F	546	(546)	-	521	(521)	-
<b>Current Assets</b>							
Stock		90	-	90	86	-	86
Debtors		19,270	-	19,270	19,680	-	19,680
Investments	F,G	130,833	(100,773)	30,060	113,581	(61,582)	51,999
Cash and cash equivalents	G	479	101,319	101,798	1,165	62,103	63,268
		<b>150,672</b>	<b>546</b>	<b>151,218</b>	<b>134,512</b>	<b>521</b>	<b>135,033</b>
<b>Less: Creditors: amounts falling due within one year</b>	D,E	(42,940)	(8,404)	(51,344)	(38,584)	(7,794)	(46,378)
<b>Net current assets</b>		<b>107,732</b>	<b>(7,858)</b>	<b>99,874</b>	<b>95,928</b>	<b>(7,273)</b>	<b>88,655</b>
<b>Total assets less current liabilities</b>		<b>292,488</b>	<b>92,343</b>	<b>384,831</b>	<b>301,410</b>	<b>89,522</b>	<b>390,932</b>
Creditors: amounts falling due after more than one year	D	(71,594)	(21,041)	(92,635)	(69,132)	(23,667)	(92,799)
<b>Provisions</b>							
Pension provisions	B,C	(71,595)	(1,288)	(72,883)	(91,089)	(2,468)	(93,557)
Other provisions	A	(625)	(770)	(1,395)	(3,111)	(770)	(3,881)
<b>Total net assets</b>		<b>148,674</b>	<b>69,244</b>	<b>217,918</b>	<b>138,078</b>	<b>62,617</b>	<b>200,695</b>
<b>Deferred capital grants</b>	D	24,319	(24,319)	-	26,259	(26,259)	-
<b>Endowments-expendable</b>	F	546	(546)	-	521	(521)	-
<b>Restricted reserves</b>							
Income and expenditure reserve - endowment reserve		-	93	93	-	68	68
Income and expenditure reserve - restricted reserve		-	23	23	-	33	33
<b>Unrestricted reserves</b>							
Income and expenditure account excluding pension reserve		179,167	38,635	217,802	186,494	14,100	200,594
Pension reserve		(71,595)	71,595	-	(91,089)	91,089	-
Revaluation reserve		15,721	(15,721)	-	15,406	(15,406)	-
Capital reserve		516	(516)	-	487	(487)	-
Income and expenditure reserve-unrestricted	A,B,D,E	123,809	93,993	217,802	111,298	89,296	200,594
<b>Total Reserves</b>		<b>148,674</b>	<b>69,244</b>	<b>217,918</b>	<b>138,078</b>	<b>62,617</b>	<b>200,695</b>



**30. Transition to FRS102 and the 2015 SORP (continued)**  
**Consolidated**

	Notes	2007 SORP £000	Year ended 31 July 2015 STRGL Items* £000	Effect of transition to 2015 SORP £000	2015 SORP £000
<b>Income</b>					
Tuition fees and education contracts		206,913	-	-	206,913
Funding body grants		24,957	-	-	24,957
Research grants and income		7,963	-	-	7,963
Other income (adjusted to exclude income from joint ventures)	F	16,542	-	(116)	16,426
Investment income	F	1,115	-	2	1,117
<b>Total income before donations and endowments</b>		<b>257,490</b>	<b>-</b>	<b>(114)</b>	<b>257,376</b>
Donations and endowments	F	-	-	135	135
<b>Total income</b>		<b>257,490</b>	<b>-</b>	<b>21</b>	<b>257,511</b>
<b>Expenditure</b>					
Staff costs	B,C,E	(162,224)	-	(1,392)	(163,616)
Other operating expenses	F	(70,410)	-	(46)	(70,456)
Depreciation	A	(14,670)	-	(3,431)	(18,101)
interest and other finance costs	B,C	(1,776)	-	(3,659)	(5,435)
<b>Total expenditure</b>		<b>(249,080)</b>	<b>-</b>	<b>(8,528)</b>	<b>(257,608)</b>
Loss on disposal of fixed assets		(769)	-	-	(769)
Share of operating surplus in joint venture		50	-	-	50
<b>Surplus / (deficit) before tax</b>		<b>7,691</b>	<b>-</b>	<b>(8,507)</b>	<b>(816)</b>
Taxation		-	-	-	-
<b>Surplus / (deficit) for the year</b>		<b>7,691</b>	<b>-</b>	<b>(8,507)</b>	<b>(816)</b>
New endowments	F	19	(19)	-	-
Endowment income retained for the year	F	(44)	44	-	-
Actuarial (loss) / gain in respect of pension schemes	B	(20,152)	3,795	-	(16,357)
<b>Total comprehensive income for the year</b>		<b>(12,486)</b>	<b>3,820</b>	<b>(8,507)</b>	<b>(17,173)</b>

\* this column represents items that were previously recorded within the Statement of Total Recognised Gains and Losses (STRGL) and are now recorded within the Statement of Comprehensive income (SOCi). This column should not include recognition of valuation changes arising from the adoption of the 2015 SORP. These are included within the effect of the transition to 2015 SORP column.

**30. Transition to FRS102 and the 2015 SORP (continued)**  
**University**

	Notes	2007 SORP £000	Year ended 31 July 2015 STRGL Items* £000	Effect of transition to 2015 SORP £000	2015 SORP £000
<b>Income</b>					
Tuition fees and education contracts		206,782	-	-	206,782
Funding body grants		24,957	-	-	24,957
Research grants and income		7,777	-	-	7,777
Other income (adjusted to exclude income from joint ventures)	F	13,051	-	(116)	12,935
Investment income	F	1,115	-	2	1,117
<b>Total income before donations and endowments</b>		<b>253,682</b>	<b>-</b>	<b>(114)</b>	<b>253,568</b>
Donations and endowments	F	-	-	135	135
<b>Total income</b>		<b>253,682</b>	<b>-</b>	<b>21</b>	<b>253,703</b>
<b>Expenditure</b>					
Staff costs	B,C,E	(159,883)	-	(1,392)	(161,275)
Other operating expenses	F	(68,946)	-	(46)	(68,992)
Depreciation	A	(14,667)	-	(3,431)	(18,098)
interest and other finance costs	B,C	(1,776)	-	(3,659)	(5,435)
<b>Total expenditure</b>		<b>(245,272)</b>		<b>(8,528)</b>	<b>(253,800)</b>
Loss on disposal of fixed assets		(769)	-	-	(769)
Share of operating surplus in joint venture		-	-	-	-
<b>Surplus / (deficit) before tax</b>		<b>7,641</b>	<b>-</b>	<b>(8,507)</b>	<b>(866)</b>
Taxation		-	-	-	-
<b>Surplus / (deficit) for the year</b>		<b>7,641</b>	<b>-</b>	<b>(8,507)</b>	<b>(866)</b>
New endowments	F	19	(19)	-	-
Endowment income retained for the year	F	(44)	44	-	-
Actuarial (loss) / gain in respect of pension schemes	B	(20,152)	3,795	-	(16,357)
<b>Total comprehensive income for the year</b>		<b>(12,536)</b>	<b>3,820</b>	<b>(8,507)</b>	<b>(17,223)</b>

\* this column represents items that were previously recorded within the Statement of Total Recognised Gains and Losses (STRGL) and are now recorded within the Statement of Comprehensive income (SOCl). This column should not include recognition of valuation changes arising from the adoption of the 2015 SORP. These are included within the effect of the transition to 2015 SORP column.

### 30. Transition to FRS102 and the 2015 SORP (continued)

#### Notes to the reconciliations

##### A Fixed assets (revaluation and other adjustments arising on transition)

Under previous UK GAAP the University had a policy of including land and buildings in the balance sheet at original cost less accumulated depreciation, apart from land and buildings acquired pre-31 March 1992. The assets acquired pre-1992 were revalued at 31 March 1992 and included in the balance sheet at this historic valuation less depreciation. On transition to FRS 102 the University has elected to use a revaluation of all of its land and buildings at 31 July 2014 as the deemed cost in its balance sheet. The University has also reassessed the remaining useful economic lives of all of its land and buildings (by component) held at 31 July 2014, together with any relevant dilapidation liabilities, in calculating depreciation and dilapidation provisions under FRS 102. The combined effect of these changes has been to increase the value of the University's fixed assets by £100,747,000 and increase the provision for dilapidation by £770,000 on transition to FRS 102. In the year to 31 July 2015, an additional charge to the statement of comprehensive income of £3,431,000 was recognised in respect of depreciation and the net increase in the value of fixed assets at 31 July 2015 was £97,316,000.

##### B Pension (LGPS)

The University participates in the Local Government Pension Scheme (LGPS), a defined benefit scheme which is externally funded and contracted out of the State Earnings- Related Pension Scheme. Under previous UK GAAP the University recognised an expected return on defined benefit plan assets in the income and expenditure account. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the statement of comprehensive income. There has been no change in the defined benefit liability at either 1 August 2014 or 31 July 2015. The effect of the change has been to increase the interest charge to the statement of comprehensive income in the year to 31 July 2015 by £3,795,000 and reduce the charge in other comprehensive income (reported in the statement of recognised gains and losses under previous UK GAAP) by an equivalent amount.

##### C Pension (USS)

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the Second State Pension. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Due to the mutual nature of the scheme, the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by both previous UK GAAP and FRS 102, accounts for the scheme as if it were a defined contribution scheme. Under previous UK GAAP, the amount charged to the income and expenditure account represented the contributions payable to the scheme. Under FRS 102, however, where a participant of a multi-employer scheme (such as USS) has committed to contribute to a deficit recovery plan, a provision for additional deficit contributions should be recognised on the balance sheet. This has resulted in the University recognising a provision of £1,288,000 on transition to FRS 102. In the year to 31 July 2015 an additional charge of £1,180,000 was recognised in the statement of comprehensive income and the liability at 31 July 2015 was £2,468,000.

##### D Grant income

Under previous UK GAAP, the University treated non-recurrent grants receivable (from Funding Councils and other bodies) in respect of the acquisition or construction of fixed assets as deferred capital grants and accounted for them using an accruals method. The grants were amortised from a balance sheet reserve, with income transferred to the income and expenditure reserve in time with the associated cost of depreciation over the life of the assets. On transition to FRS 102, the University has elected to continue to use an accruals method of accounting. However, a difference arises as, under FRS 102, a capital grant is now treated as a liability, rather than a reserve. This has resulted in the University recognising a liability for capital grants of £24,319,000 on transition to FRS 102. In the year to 31 July 2015, the transfer to the income and expenditure reserve was reduced by £1,940,000 and the liability at 31 July 2015 was £26,259,000. There was no impact on the statement of comprehensive income in the year to 31 July 2015.

### 30. Transition to FRS102 and the 2015 SORP (continued)

#### E Holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the statement of comprehensive income as the employee service is received. This has resulted in the University recognising a liability for holiday pay of £5,126,000 on transition to FRS 102. Previously holiday pay accruals were not recognised and holiday pay was charged to the income and expenditure account as it was paid. In the year to 31 July 2015 an additional charge of £76,000 was recognised in the statement of comprehensive income and the liability at 31 July 2015 was £5,202,000.

#### F Donations and endowments

The 2015 SORP on Accounting for Further and Higher Education provides new guidance on the accounting for donations and endowments under FRS 102. On transition to FRS 102, the University has accordingly reclassified endowment assets of £546,000 (and £521,000 at 31 July 2014) as investments and transferred the corresponding endowments reserve to income and expenditure reserves (now split between restricted and unrestricted based on the donors' terms). Income from donations of £116,000 has also been reclassified from other income to donations and endowments in the statement of comprehensive income in the year to 31 July 2015. The effect of the change has been to decrease income in the statement of comprehensive income in the year to 31 July 2015 by £25,000 and reduce other comprehensive income (reported in the statement of recognised gains and losses under previous UK GAAP) by an equivalent amount.

#### G Reclassification of short term deposits

The Group's cash flow statement reflects the presentation requirements of FRS 102, which is different to that prepared under previous UK GAAP. In addition the cash flow statement reconciles to cash and cash equivalents whereas under previous UK GAAP the cash flow statement reconciled to cash. Cash and cash equivalents are defined in FRS 102 as 'cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value' whereas cash was defined under previous UK GAAP as 'cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand'.

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