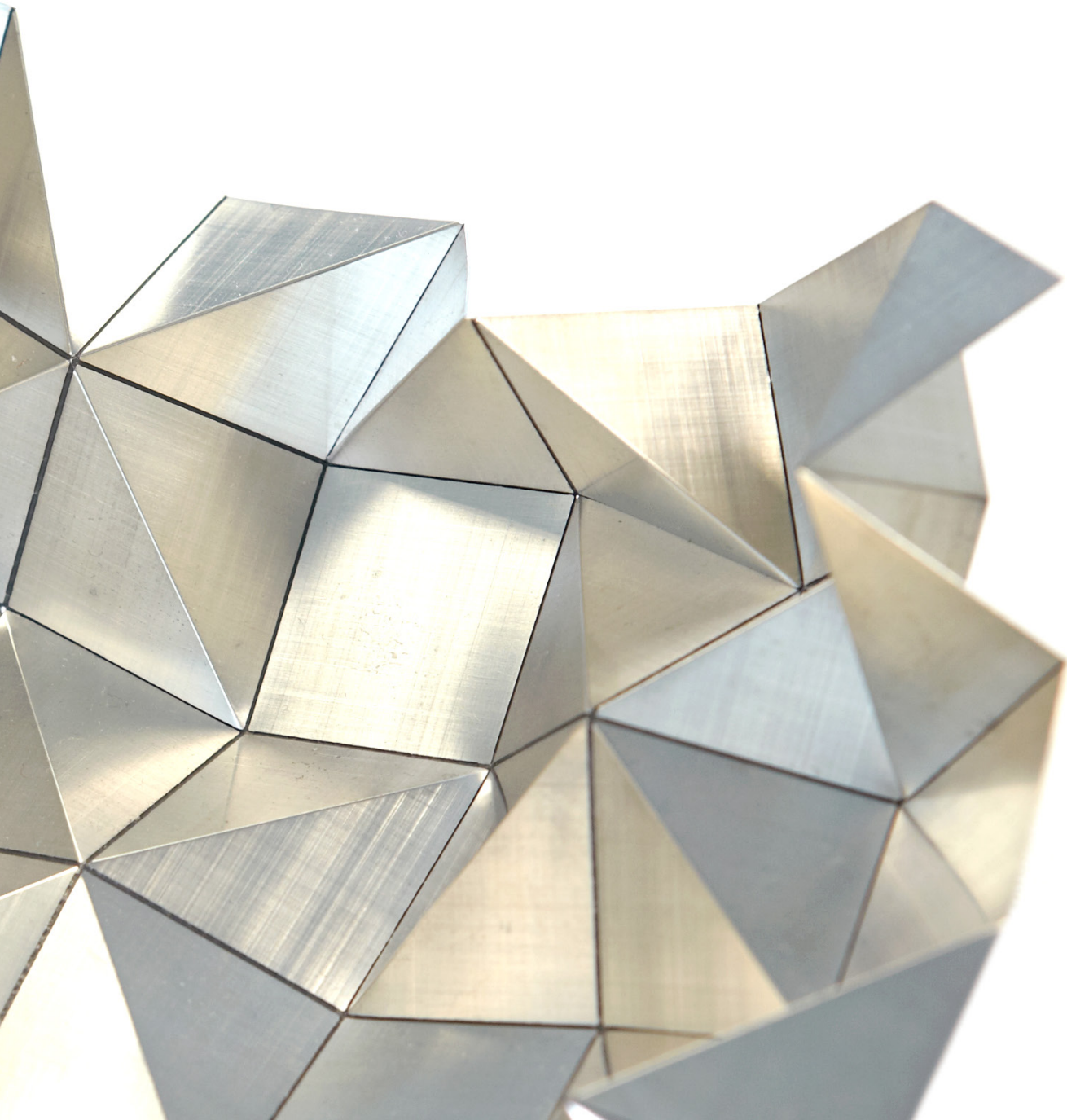


**Operating and Financial Review**  
*for the year ended 31 July 2013*





## **Sheffield Hallam University Operating and Financial Review 2012/13**

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## Introduction to the Operating and Financial Review from the Vice-Chancellor

With over 37,000 students we continue to be the third largest university in the country in terms of student enrolments, and performance continues to be good in the University's well-established areas of strength such as maintaining the balance between widening participation, responsible recruitment, entry standards and student retention and success.

Applications for September 2012 entry were lower than the record-high we experienced in 2011 as students sought to beat the fee increase, though our demand relative to the number of available places remained strong, and at nearly 42,000 UCAS applications, we were the sixth most popular institution in the country in terms of undergraduate applications. We also received over 10,000 applications for full-time postgraduate courses, making us the eighth most popular university in terms of applications for full-time postgraduate provision.

Sheffield Hallam's NSS results improved again this year, with overall satisfaction increasing from 82% to 83%. It is pleasing to note that those areas that we have targeted for improvement - organisation and management, and assessment and feedback, also demonstrated improved levels of student satisfaction, suggesting that the measures we have put in place to improve the student experience are having a positive impact.

Our Inspirational Teaching Awards are now in their third year and continue to be a great success. This year over 3,000 students nominated more than 1,000 members of staff who had inspired them or had a transformational impact on their student experience. Twenty four teaching staff and five research degree supervisors received awards. Four of the recipients have received awards for three consecutive years, and they have now received Vice Chancellor's awards to reflect that achievement.

In 2012/13 we received £4.1m from HEFCE in quality-related (QR) funding, which has been used to support our focus on internationally excellent research. Preparations for the Research Excellence Framework (REF) 2014 continue apace, and annual levels of investment to support this activity have been established. We have also invested in a major initiative to support multi-disciplinary research collaborations.

Following a competitive bidding process we have been awarded £6.9m from HEFCE's Catalyst Fund to establish a National Centre of Excellence for Food Engineering. The Centre will be fully operational by 2017, and will play a key strategic role in developing advanced engineering capability for the food and drink industry, delivered in collaboration with the Food and Drink Federation, National Skills Academy for Food and Drink, and industry partners.

Investing in our estate continues to be a priority. Creating spaces which provide the best possible teaching, learning and social space for students and staff, and to enable us to respond to future business opportunities and potential changes in our student profile, is essential for our future development. Capital projects that have been taking place throughout 2012/13 include:

- £27 million Heart of the Campus development at Collegiate Crescent Campus to provide new learning and social space, and dramatically improve the student and staff experience at the campus;
- £4.8 million redevelopment of the University Sports Park for both Sheffield Hallam students and community groups playing a range of sports;
- creation of a new Employability and Innovation Centre at City Campus;
- relocation of the Materials Engineering Research Institute into newly refurbished laboratories, office and research space, and relocation of the Maths Department into specialist teaching space and new PC rooms;
- final phase of Collegiate Learning Centre redevelopment.

In 2013/14, planned projects include a flagship building at City Campus for our new Institute of Education, and continuing work to develop a greater sense of place and identity for our Faculties and academic departments.

2012/13 has been another year of strong financial management, and we have now recorded sixteen successive years of operating surplus, achieving a £10.6m surplus this year. We continue to generate appropriate levels of cash to invest in delivering our priorities - overall funds increased by a further £5.4m to £69.3m this year.

We have made some significant senior appointments this year, with new PVC Deans to two of our four faculties, who along with two new PVC Deans recruited last year, are making strides in identifying and delivering improvements to teaching and learning, and the student experience, including the development of new academic departments and institutes.

We are currently refocusing our priorities in order that the University is well-positioned in the new environment and on a sustainable footing for the future. During 2012/13 we have begun to develop our new University Strategy. The new strategy will take into account the changing higher education landscape and will set out Sheffield Hallam's vision and ambitions within this context. Whilst uncertainty in the sector remains, we believe that through the measures we are putting in place, Sheffield Hallam remains well placed to respond to any further challenges.

Professor Philip Jones  
Vice-Chancellor

## Strategic Aims

Our vision:

By 2015 we will be an established top 50 university known for the quality of our teaching and learning and with a particular commitment to education for employment. Our research strength will be concentrated in specific subject areas, but will be world class and designed to promote solutions that have made a positive impact on quality of life, solutions to questions of public policy, and contribute to the knowledge economy. We will be known for the quality and range of our partnerships with the professions, business, industry and government.

Our academic aims:

- to provide a high quality, vibrant and challenging learning experience to all our students
- to provide academically strong, relevant and financially viable programmes that are responsive to changing market conditions
- to create an innovative research environment within the University and use our skills to support innovation externally, working with organisations and companies to achieve economic and social transformation

Our enabling aims:

We will seek to deliver these aims through the following strategic enablers:

- managing and developing our people
- improving operational effectiveness
- enhancing our estate
- maintaining financial sustainability

The University annually agrees a set of University-wide operational priorities, delivery of which is designed to drive progress towards achieving the overall aims and objectives of the Corporate Plan, and to ensure that identified risks to the delivery of our business are well-managed. Progress against these priorities is reported in this Operating and Financial Review.

During the 2012/13 academic year we have begun to develop our new University Strategy for implementation from September 2014 onwards. This new strategy will take into account the changing Higher Education landscape and set out the University's vision and ambitions within this context. The new Strategy will be finalised and approved by our Board of Governors during the first half of 2014.

## Learning, teaching and the student experience

We are committed to providing an outstanding student experience. We will do this by offering opportunities for active, authentic and personalised learning, extensive engagement with the world of work and through fostering a stimulating academic and social environment.

During the 2012/13 academic year, we have prioritised the following to support improvements to the quality of our teaching, and the experience of our students:

- continuing to embed a greater focus on courses, and course leadership to support an improved student experience;
- developing and implementing clear professional standards for our teaching and mechanisms to support the development of our teaching professionals;
- implementing a new Assessment Framework for students;
- continuing to implement improvements to provision, services and support that will increase the employability of our graduates;
- continuing to improve course and module organisation and management, particularly our timetabling process.

## Learning, teaching and professional development

We have put in place the Higher Education Academy (HEA) continuing professional development scheme which enables the University to accredit fellows and associate fellows against the UK professional standards framework. We have been implementing this during 2012/13 and we are on course to meet our target of 95% of teaching staff to achieve accreditation by 2015.

In the University's annual inspirational teaching awards over 3,000 students nominated more than 1,000 members of staff who had inspired them or had a transformational impact on their student experience. As a result, 59 staff received Faculty awards, and 24 staff received University inspirational teaching awards, as well as five inspirational research degree supervisors. As the awards have now been running for three years, an evaluation is taking place to inform their future development.

## Student Support

We have introduced a new Student Support Framework which articulates the University's commitment to providing a supportive student experience from pre-enrolment through to a successful transition into graduate employment or further study. This outlines the key principles that underpin all of the University's student support activity including our distinctive holistic approach based on the premise that support can be most effective when it is contextualised within a student's course experience, working together with high quality and professional specialist services. An annual implementation plan to support the framework has been developed, to make sure that all our student support activities, and our innovative way of working together reflects the priorities identified by students and staff.

Our retention and progression rates consistently outperform HEFCE benchmarks, with 93% of students continuing or qualifying at Sheffield Hallam following their year of entry (HEFCE benchmark 92%), and 84% projected to achieve a degree (HEFCE benchmark: 79%). We have performed above HEFCE benchmarks on the continuation and projected outcomes indicators since 2000. Our commitment to improving retention rates, whilst maintaining our excellent performance on access and widening participation is the cornerstone of our Access Agreement approved by the Office for Fair Access (OFFA).

## Student satisfaction

The key measure for determining improvements in the student experience is the National Student Survey (NSS), which is one of the University's key performance indicators. Our results for 2013 show that overall satisfaction increased to 83%, from 82% last year, with good improvements in satisfaction with the promptness of feedback, and all aspects of organisation and management, demonstrating that the changes we have implemented in our priority areas have already had a positive impact on our 2012/13 final year undergraduates.

We participate in the postgraduate taught and postgraduate research experience surveys, which show consistently high levels of satisfaction with the academic experience amongst postgraduate students, with 81% of students in 2013 stating that overall they are satisfied with the quality of their course.



## Employability

During 2012/13 a large emphasis has been placed on embedding our Education for Employment strategy into the student academic experience, of which the core entitlements for all students are:

- work-related or work-based learning as an accredited module or mandatory component of their course;
- the development of high-level transferrable graduate attributes embedded within the curriculum;
- integrated and timetabled career planning and preparation for employment;
- personal and professional development planning, and personalised support to monitor students' progress and support transition into the world of work.

Alongside this, optional opportunities have been developed including a career mentoring scheme; the Students Transitioning into Employment Programme (STEP) for final year undergraduates; 'Springboard' a four day professional development programme; the Gradplus Programme linking Sheffield Hallam's graduate talent pool with the local SME community; and a variety of opportunities for students interested in self-employment.

A key measure of the employability of our graduates is the Destination of Leavers from Higher Education (DLHE) survey, which questions graduates on their employment situation six months after completing their programme of study. Our results for 2013 (which reflect the outcomes for 2011/12 graduates) show that:

- 89% of first degree graduates were in work or further study six months after graduation, compared to 90% in 2012
- 11% were in further study, compared with 9% in 2012
- Of those in work, 59% of our first-degree graduates found professional or managerial-level employment, compared with 56% last year
- Of our graduates who provided salary information, 30% were earning between £20,000-£24,999
- Health and education continues to be the largest industry sector in which the majority of our graduates (42%) are employed.

We recognise that we face a number of important challenges in relation to graduate employment, not least in response to rising student expectations in the context of a difficult external economic climate. We are focussed on preparing our students for living, working and learning in an increasingly globalised and digitalised world, and responding to their expectations of, and aspirations for, graduate employment.

## Educational portfolio

We have a wide portfolio of courses at undergraduate and postgraduate taught level, and a thriving postgraduate research student population. We deliver courses at home and internationally in the full range of modes of learning, including part-time, distance learning, and through digital technologies.

We are committed to providing a sustainable portfolio of programmes that meets current and emerging market demands from students, prospective employers and the professions. During the 2012/13 academic year we have focused on:

- continuing to manage our taught portfolio based on quality and performance indicators, ensuring efficiency in delivery models and financial viability;
- implementing our International Strategy;
- implementing a strategic review of our postgraduate portfolio taking account of the changing external environment and market;
- exploring our current part-time portfolio and developing greater coherence in this offer, including a more strategic approach to employer and business engagement.

In 2011/12 we had a total of 37,066 enrolled students, of which 28,409 (77%) were undergraduates and 8,657 (23%) were postgraduates. We remain the third largest university in the country in terms of student enrolments. Our average entry tariff has continued to increase in recent years (315 UCAS tariff points for our full-time undergraduate courses for 2012 entry), and this is kept under review along with a consistent set of market, quality and financial indicators to assess course strength and viability and enable us to effectively manage our taught portfolio.

Our home, full-time undergraduate tuition fee was £8,500 in 2012/13, and this will increase to £9,000 from 2013/14. Tuition fees for all other areas of our portfolio are subject to a comprehensive fee setting process in accordance with our tuition fees and related charged policy, which is kept under review and updated annually.

## Student recruitment

For our undergraduate programmes we received nearly 42,000 UCAS applications for courses starting in September 2012. Whilst this was lower than the number of applications we received for September 2011 entry, our ratio of applications to places remained the same due to a reduction in our student number allocation created by the implementation of new government policies. This volume of applications made us the sixth most popular university in the country in terms of undergraduate applications.

Recruitment to full-time undergraduate courses was managed downwards in the light of concerns, which were shared across the sector, about exceeding our reduced student number control and incurring financial penalties as a consequence. The first year of the new fees and funding regime followed a period when application levels to the University had reached an all-time high and we had recruited very few students through the UCAS clearing process in either 2010 or 2011. As a result the University adopted a very cautious approach to offer-making and aimed to maximise its recruitment of students with the highest grades whilst staying comfortably below the student number control figure. Generally, this strategy worked very well and we achieved both of our goals within an acceptable margin for error i.e. more students than expected had the highest grades which meant that we ended up with a slightly smaller student number control population than anticipated

For 2013 entry our applications have remained relatively stable, mirroring changes in the sector.

We also received over 10,000 applications for full-time postgraduate taught courses starting in 2012/13, making us the eighth most popular institution for taught postgraduate provision. However, applications for part-time routes decreased. The continued attractiveness and sustainability of our postgraduate taught and part-time offers have therefore been explicit areas of focus this year.

## International

We continue to make progress in implementing our International Development Strategy and income from international business continues to grow. This year we have reviewed our strategy in light of our current performance and significant changes in the external environment, and have re-focused activity to give increased prominence to direct recruitment of international students to on-campus programmes, whilst

diversifying and reducing the risk of reliance on a small number of markets; and pro-actively developing opportunities with high-quality partners.

In 2012/13, international enrolments (for both new and continuing students) decreased by approximately 5%, in line with sector projections and in the context of significant change in the external policy, regulatory and market environment. China continues to be our largest market, and numbers of Chinese students increased this year. Applications and acceptances for 2013 entry are also slightly down on last year. Effective recruitment to target through the delivery of our revised strategy will be a key area of focus next year.

### **Postgraduate and part-time**

This year we undertook a strategic review of our postgraduate taught provision. A framework for short-medium term actions for the development of the portfolio has been agreed, based on the principle that the postgraduate taught portfolio should be sustainable when considered against a number of indicators. The performance of the postgraduate taught portfolio across the University will be reviewed every three years to ensure that it continues to meet these sustainability markers.

Exploratory work on our part-time offer is also underway to develop a greater coherence in this offer to potential students, and ensure that this continues to be attractive to students and employers, and remains viable.

### **Student Profile**

We have a diverse student body:

- female students make up 55% of the total student population;
- 10% of the total student population have declared that they have a disability;
- approximately 13% of all home students are from a black, minority or ethnic background;
- approximately 11% of the total student population are international students;
- 76% of full-time undergraduate new entrants are young (age under 21 on entry) and 24% are mature;
- 48% of new home entrants are from the Yorkshire and the Humber region.

Yorkshire and the Humber has one of the lowest rates of participation in higher education in the country, and given that we recruit a large proportion of our students from within the region, we continue to place a significant emphasis on raising aspirations and increasing appetite for higher education study. We have a strong history of recruiting students from backgrounds where higher education has not been the norm, and our innovative outreach, pre-enrolment and transition work with schools and colleges from the sub-region supports this agenda.

Our excellent performance in widening participation has once again been demonstrated by our performance against the benchmarks that are set by HEFCE:

- 96% of our new entrants are from state schools or colleges (HEFCE benchmark: 94%)
- 32% are from social classes 4-7 (HEFCE benchmark: 35%)
- 16% are from low participation neighbourhoods (HEFCE benchmark: 12%)

Delivering continuous improvement in widening access and participation is one of the strategic aims of our Access Agreement approved by OFFA.

### **Partnerships**

Sheffield Hallam currently delivers 83 awards in collaboration with partners, both in the UK and overseas. We have formal partnerships with 57 higher education institutions and further education colleges both in the UK and internationally, with partnerships in 11 countries overseas. Further work is planned for 2013/14 to review all home and international partnership activity, with a renewed focus on quality.

## Research and Innovation

Our research has an established profile with national and international excellence in selected areas, underpinned by strong performances in the Research Assessment Exercise 2008, and in our track-record in securing income through research contracts and consultancy.

During 2012/13, our focus has been on the following priorities:

- on-going preparation for the 2014 Research Excellence Framework (REF);
- on-going work to ensure the sustainability of our research income base for the future.

The University's research and innovation agenda is overseen by the Research Management Group, chaired by the Vice-Chancellor. The Group is defining and developing strategy to ensure the quality and sustainability of the University's research and innovation activity in a challenging external environment.

### Research Funding

In 2012/13, we received £4.1m from HEFCE in quality-related (QR) funding, which has been used to support our focus on internationally excellent research.

We have been awarded £6.9m from HEFCE's Catalyst Fund to establish a National Centre of Excellence for Food Engineering. The Centre will be fully operational by 2017, and will play a key strategic role in developing advanced engineering capability for the food and drink industry, delivered in collaboration with the Food and Drink Federation, National Skills Academy for Food and Drink, and industry partners.

We have also invested in an initiative to support multi-disciplinary research collaborations. The IMAGINE project will bring together researchers at all levels across all faculties to develop interdisciplinary teams and ideas.

### Research Excellence Framework

A major programme of associated activity has been preparations for the forthcoming submission to REF 2014. Priorities for 2012/13 have included preparation of impact case studies and narratives, and selection of staff in line with our published Code of Practice.

We have always placed great value on the application of our research and knowledge, and we have been working to promote greater awareness of the impact of research on the economy and society. Our Business Innovation publication, showcasing our extensive business partnerships, will be available during 2013/14, alongside further information on the external impact of our research.

This year we were successful in achieving the European Commission's HR Excellence in Research Award, one of only 11 awards approved, in recognition of our commitment to the development of high quality researchers.

We have put processes in place to comply with funder open access policies, and established an open access publication fund. Our online repository, SHURA (Sheffield Hallam University Research Archive), meets the requirements of the 'green' route to open access, and publishes full text where publishers' policies allow.

Our ethics policies and procedures ensure research is conducted to the highest standards; our policies are compliant with the Universities UK Concordat to Support Research Integrity.

### Knowledge Exchange

We have maintained our Knowledge Transfer Partnerships programme in light of the Comprehensive Spending Review by aligning with the Technology Strategy Board's priority areas. This focus will continue with specific campaigns across the University.

We are continuing to be an active partner in the region to support economic, cultural and social success. We are an active member of the Sheffield City Region Local Enterprise Partnership at all levels, with the Vice-Chancellor as a member of the Executive and strong representation on seven sector groups (Advanced Manufacturing and Materials; Creative and Digital Industries; Low Carbon; Property and Construction; Retail; Sport, Leisure and Tourism; and Healthcare Technologies).

We work closely with local government, the University of Sheffield, Chambers of Commerce, professional and business intermediaries, and other regional organisations to deliver an integrated approach to regional challenges, including preparations for the Local Growth Fund.

We have secured ERDF funding to deliver multidisciplinary research and consultancy expertise to regional SMEs through the Innovation Futures 2 (IF2) project. IF2 will build on the success of the 3-year Innovation Futures project, now ended, which reported £14.9M Gross Value Added ("GVA") (against target of £3.8M) and supported 119 SMEs (target 81) in the Yorkshire and Humber region. The smaller-scale IF2 project is targeted with delivering £2.3M GVA and assisting 57 businesses in the region.

## **Estates development and environmental sustainability**

Our aim is to provide a high quality, safe and sustainable estate that supports the development of our academic activities, enhances the student and staff experience, and projects our academic identity. In 2012/13, we have been focusing on the following:

- reviewing the current estates capital programme to inform our long-term financial plan;
- delivering capital projects to time and budget.

Capital projects that have been taking place throughout 2012/13 include:

- £27 million Heart of the Campus development at Collegiate Crescent Campus to provide new learning and social space, and dramatically improve the student and staff experience at the campus;
- £4.8 million redevelopment of the University Sports Park for both Sheffield Hallam students and community groups playing a range of sports;
- creation of a new Employability and Innovation Centre at City Campus;
- relocation of the Materials Engineering Research Institute into newly refurbished laboratories, office and research space, and relocation of the Maths Department in to specialist teaching space and new PC rooms;
- final phase of Collegiate Learning Centre redevelopment.

In 2013/14, planned projects include:

- a flagship building at City Campus for our new Institute of Education;
- continuing work to develop a greater sense of place and identity for our Faculties and academic departments.

A review of the University's Estates Capital Plan is progressing according to planned timescales with a target date of autumn 2013. It has involved close dialogue with faculties and directorates on their future space needs along with a number of commissioned feasibility studies and a mini-master plan exercise for the University's City Campus to further inform the development of the new capital programme.

## **Sustainability**

We are one of the best performers in the sector in terms of environmental sustainability, and in 2012/13 achieved the following:

- a 'First Class' and 14th out of 143 institutions in the 2013 People and Planet Green League, which covers everything from student engagement in sustainability to carbon reduction, and is judged by Students Unions nationally. This is a rise of five places in the table from last year;
- retention of the ISO14001 Environmental Management Standard and the ISO50001 Energy Management Standard. We continue to be the only university internationally to hold both of these standards across all of our teaching, research, operational and commercial activities;
- Gold and Climate Change Awards in the Business and the Community Environment Community Index which measures how environmentally responsible businesses are. We achieved a top ten position within the Yorkshire and the Humber region, and came first out of all participating higher education institutions nationally;
- participation in a pilot to initiate behaviour change programmes in sustainable operations. This work has been cited as Best Practice by the Carbon Trust and been used as a case study to inform the work of other organisations.

The University's Sustainability Framework is to be revised in 2013/14 in order to secure continuous improvements to our provision and to maximise the benefits to students both during their time at University and in terms of their onward employment.

## **Managing and developing our people**

Our staff are vital for the delivery of our core aims and for ensuring our future success. Our People Strategy reflects our belief that business and people principles must go hand-in-hand if we are to be seen as an attractive employer which is able to successfully recruit, retain and develop high performing staff in an increasingly competitive market.

Developing a student and business focus means that the University's workforce must be aligned to changing expectations and demands. It is essential that our people processes deliver a high quality academic and professional workforce and that our approach to academic workforce planning takes account of changes in patterns of student and employer demand, the emergence of new markets and economic changes, the development of new forms of delivery and competition from other universities or employment sectors.

In this changing environment we ensure that we articulate a clear rationale for any changes that need to take place and in doing so we will consult with our staff on all major changes that affect them as well as reaffirming our strong commitment to partnership working with our recognised Trade Unions.

### **Academic Workforce Development**

Over the past two years we have made some significant senior appointments most notably recruiting new Pro Vice-Chancellor Deans to each of our four Faculties. The new Pro Vice-Chancellor Deans have started to review and identify the most appropriate design, infrastructure and roles to support the University's business. Some of this work has been successfully completed and led to the creation of new academic departments and/or academic institutes. New roles have also been identified to strengthen executive leadership within Faculties and academic leadership within departments in order to create additional capacity and focus on enhancing the student experience.

A needs analysis of Executive and Leadership development has been completed, with a particular focus on academic leadership. The purpose of the review was to identify organisational expectations of leaders and make recommendations for leadership development. This review will form the basis of future development activity and inform our decision on how we invest in developing people with the aim of enhancing the leadership capability within our academic workforce.

Our process for the appointment of Professors has been reviewed and changes implemented for the start of the 2013/14 academic year. These changes will strengthen the role of a Professor within the University defining clear expectations within a Professoriate Framework which recognises academic career paths in both research and teaching and provides improved opportunity for reward and recognition. We have also taken steps to address the gender imbalance within the Professoriate by creating a mentoring scheme to support women to achieve Professor Status.

### **Communication and engagement**

The University Leadership Forum is now well established to ensure contact on a quarterly basis between the University Executive and a wide cross-section of senior staff within the University. The focus of activity within the Forum has been on the development of the new University strategy and this culminated with the Staff Strategy Conference in July 2013. This enabled all staff to hear about the development of the draft strategy and contribute their ideas and opinions through workshop sessions. The on-going development of the University strategy will provide further opportunities for members of the Leadership Forum to play a crucial role in disseminating key messages and directly involving staff in the strategic agenda.

Other initiatives which are improving communication and engagement include the addition of academic Heads of Department on Faculty Executive groups, positive progress in engaging academic staff with the review of academic working practices and the successful implementation of change in discrete service areas through effective management and good practice.



## Equality and Diversity

Equality and diversity are essential to our academic and business strengths. We believe that excellence comes through recognising the value and contribution of each individual.

We aim to create an environment that respects the value of each individual and the diversity of students and staff in the University community. This will enable students and staff alike to contribute fully, and derive the maximum benefit and enjoyment from their involvement in University life.

Our strategic equality priorities outline our commitment to embedding equality and diversity into all areas of the University's business. Increasingly, our work on equality and diversity is also aligned with our commitments to continuous improvement in access, widening participation, retention and student success outlined in our Access Agreement.

Throughout 2012/13, we have focused on the implementation of these priorities. Key achievements include:

- Athena SWAN Bronze awards for the Departments of Architecture and Planning, and Engineering and Maths, which recognise excellence and commitment to advancing women's careers in science, technology, engineering, maths and medicine, alongside the University-wide bronze award, and further departmental bronze and silver awards achieved in 2011/12;
- embedding equality and diversity considerations into the Code of Practice for the selection of staff for the REF, which was approved by HEFCE this year, and delivering bespoke equality and diversity training for staff involved in the REF selection process;
- embedding, where relevant and proportionate, equality and diversity considerations into internal academic quality and review processes.

The University continues to measure the impact of existing and new policies, procedures and practices by protected characteristic through a co-ordinated programme of quality analysis.

We also continue to support a number of staff forums, run by and for staff at the University. The forums hold regular meetings as well as organising and participating in events to raise awareness of equality and diversity issues. The following staff forums are currently active within the University - Disabled Staff Forum, Gender Staff Forum, LGBT (lesbian, gay, bisexual and transgender) Staff Forum, and Race Staff Forum. In addition, a Women's Professor Group was re-established this year and has developed a mentoring programme for women wishing to progress to professor status.



## Key Performance Indicators

To monitor the implementation of our refreshed Corporate Plan, during 2011/12 we developed and implemented a Corporate Performance Framework. This framework sets out the indicators that we use to measure progress towards meeting our overall vision, mission, aims and objectives, and to focus effort and attention at all levels of the University. The indicators are reported at University, Faculty, Academic Department and Course level (where available). The highest level indicators within the framework relating to our vision, academic aims and enabling aims are reported below:

### Our vision

- By 2015 we will be an established top 50 university in the UK known for the quality of our teaching and learning with a particular commitment to education for employment.
- Our research strength will be concentrated within specific subject areas, but will be world class and designed to promote solutions that have made a positive impact on quality of life, solutions to questions of public policy, and contribute to the knowledge economy.
- We will be known for the quality and range of our partnerships with the professions, business, industry and government.

Vision Indicator	2010/11	2011/12	2012/13
League Table position: The Guardian	65	83	72
League Table position: The Times	71	73	77

Source: Individual newspaper publications

Vision Indicator	2010/11	2011/12	2012/13
Research Power Ranking	66	66	66

Source: Research Assessment Exercise 2008

### Our academic aims

- To provide a high quality, vibrant and challenging learning experience to all our students

Key Performance	2010/11	2011/12	2012/13
Overall % student satisfaction	79%	82%	83%
% satisfaction with teaching: staff have made the subject interesting	77%	80%	80%
% student satisfaction with academic support: I have received sufficient advice and support for my studies	74%	78%	78%

Source: National Student Survey

- To provide academically strong, relevant and financially viable programmes that are responsive to changing market conditions

KPI	2010/11	2011/12	2012/13
% of full-time first-degree graduates in graduate (professional / managerial) employment	60%	56%	59%

Source: Destination of Leavers from Higher Education

## Our enabling aims

- Maintaining financial sustainability

KPI	2010/11	2011/12	2012/13
Income vs budget (£)	+£2.883 m	+£3.917 m	+£2.131m
Expenditure vs budget (£)*	-£9.035 m	-£0.776 m	-£8.965m

*\*Before FRS 17 adjustments and excluding profit/loss on fixed asset disposals*

*Source: Internal Management reporting*

- Managing and developing our people
- Improving operational effectiveness
- Enhancing our estate

## Risks and Uncertainties

Our 2012/13 Corporate Risk Register covers eight areas of risk:

### Student recruitment

As an institution that derives the majority of its income from tuition fees and teaching grant, and from allocations and commissions for the training of teachers and healthcare professionals, ensuring that the University is able to sustain levels of student recruitment, at a time of increased uncertainty within the higher education sector, is vital. The actions to manage the risks to student recruitment across all markets focus on ensuring the continued attractiveness of our portfolio through planning and review based on indicators of quality and sustainable demand; building our reputation regionally, nationally and internationally, including through extending the reach of our partnerships with schools and colleges, and building relationships with local and national commissioning bodies; and paying close attention to our management of student recruitment and customer relationships in all markets.

### Student experience, learning and teaching

Delivering an excellent student experience, and achieving improvements in key student satisfaction (National Student Survey) and graduate recruitment (Destination of Leavers from Higher Education) measures are key to Sheffield Hallam's reputation. If we do not continue to improve in these areas, our reputation may be damaged, which in turn, will weaken our ability to recruit future students and to develop meaningful relationships with employers. Actions to manage this risk focus on continuing to deliver the improvements outlined in our ambitious student experience programme; the careful management of on-going improvements to the University's performance in the NSS; continuing to improve the quality of our teaching; and continuing to deliver initiatives that will increase the employability of our graduates.

### Research and Innovation

The University has a strong position and reputation for applied research in selected areas, and for associated knowledge exchange with industry and the public and third sectors. However, changes to research funding and policy, increased competition for research funding and high quality staff, and internal resources and leadership capacity may threaten: our ability to produce a high quality submission for REF 2014; our ability to secure high quality sources of research income in the future; and research staff recruitment, retention and morale. Actions to address this risk are therefore focused on preparations for the REF; redeveloping our research and innovation strategy; considering how internal resources may be re-orientated to diversify future income sources; and continuing to support the development of research staff and postgraduate research students.

### Other risks:

The University's other corporate risks that have been addressed throughout 2012/13 relate to our ability to enable the achievement of the University's strategic aims for the Student Experience, Learning and Teaching, Educational Portfolio, and Research and Innovation.

- **People:** concentrating on our academic workforce structures and developing academic leadership capability and capacity; implementing actions arising from the employee opinion survey and change programmes; and establishing the Process Improvement Programme Board to ensure that we are able to effectively instigate change and to adopt the new ways of working that arise from process improvement activity will ensure that our workforce is aligned to the changing size and shape of our educational portfolio and that our staff are able to respond flexibly to internal and external changes.
- **Operational Effectiveness:** future competitive advantage will depend on delivering the quality of services expected, and managing our operating costs, as well as effectively prioritising and supporting process improvement and systems developments to support our academic activity. The Process Improvement Programme Board has been established to provide corporate oversight of all process improvement activity. Other programmes are in place to manage improvements to the quality, efficiency and effectiveness of supporting services. Actions therefore focus on successful completion of planned projects and changes, and monitoring the outcomes and benefits
- **Estates:** the high quality of our estate and facilities must be maintained and continue to improve if we are to meet changing internal and external requirements, including those arising from changes to the size and shape of our educational portfolio. Our estates development plan continues to be developed to reflect such changes and anticipate future needs.

- **Financial Sustainability:** alongside our response to the risks surrounding student recruitment and our ability to sustain teaching and research income, actions focus on careful management of our cost base and ensuring that our services deliver value for money, and longer term, reviewing the assumptions underpinning the University's financial projections to ensure these remain robust, and developing a new financial strategy.
- **Reputation:** reputation is a key factor in student choice and therefore is likely to be a major influence on student recruitment in the increasingly competitive higher education marketplace. It is also important for attracting income from a range of sources which helps us to achieve our strategic aims and objectives. Risks to the University's reputation are largely being managed through the actions to improve student satisfaction and graduate employment rates, and to achieve optimal research outcomes. In addition, we are developing a new approach to our positioning within the Sheffield City Region to ensure that we maintain our presence as a key regional partner.

## 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 thereto any relevant regulations, orders or directions made by the Secretary of State or Privy Council. These powers include the power to provide higher and further education and to carry out research and to publish the results of such research.

The corporation 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). See page 24 for details of how the University delivers its aims for the public benefit.

### 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) Guide for Members of Higher Education Governing Bodies in the UK. The Board of Governors has adopted the CUC's Governance Code of Practice and work is ongoing to ensure that governance practice remains consistent with the principles of the code. In line with the recommendation in the CUC Governance Code of Practice, the Board of Governors formally undertakes five yearly reviews of effectiveness and the most recent review was completed in autumn 2011.

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 2013 and up to the date of approval of the Operating and Financial Review: 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 quarterly 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 Executive Group'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. In common with other organisations, we are involved in a wide range of activities and therefore do not have a generic tolerance for risk. In some areas we have to be risk averse, such as matters of finance. In others we would be regarded as a risk taking University, for example in areas of research and academic development
- A Risk Management Group which is the body that has overall responsibility for overseeing and monitoring risk mitigation and prevention within the University.
- A Corporate Risk Register that separates risks into two categories to assist with the prioritisation of mitigating actions: Proximate risks are risks associated with our ability to achieve current priorities and are highly foreseeable. These risks require very prompt attention and are monitored by the University Executive Group on a fortnightly basis. Strategic risks are risks associated with delivery of the University's aims and objectives and are monitored by the Risk Management Group on a quarterly basis. The Executive Group undertakes an annual risk review to consider the current corporate risks and refresh the Corporate Risk Register accordingly for the coming academic year
- 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.
- Risk management processes that are embedded within our business planning processes. Faculties and directorates are required to identify and record risks (both threats and opportunities) associated with delivery of their strategic and operating priorities and to implement and monitor the effectiveness of any actions put in place to mitigate these risks. Faculties and directorates are able to escalate local risks that are rising rapidly or are highly imminent to the University Executive Group or Risk Management Group for review and consideration of their impact.
- Risk management processes that are embedded in our approach to the management of change and, specifically, in the governance of corporate programmes and projects.

### **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 Financial Memorandum 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.

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 2012 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 student experience with a presentation by the Head of Student Marketing on the UK Student Recruitment Campaign 'Tomorrow's You' and, their knowledge of the University's equality priorities in a workshop in which governors met with members of staff to discuss equality and diversity case studies and projects.

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.

### **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 Financial Memorandum 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 Training and Development Agency for Schools, 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.



### Going concern

The University's academic activities, together with the factors likely to affect its future development, performance and position are set out in the Operating and Financial Review on pages 3 to 27. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 26 to 27.

The University has considerable financial resources together with contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Board of Governors believe that the University is well placed to manage its risks successfully despite the current uncertain economic outlook. The Board of Governors have a reasonable expectation that the University have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.



Geoff Dawson  
Chairman of the Board of Governors



P A Jones  
Vice-Chancellor

## **Delivery of Public Benefit**

### **Aims and objectives of Sheffield Hallam University**

The University's charitable purpose is the advancement of education. We deliver this charitable purpose for the public benefit, through implementing our corporate plan and delivering the strategic aims and objectives that have been approved by our Board of Governors to shape our academic portfolio in response to the demands of students and employers, to improve our offer to students and potential students, and to deliver research and innovation that achieves economic and social transformation.

Students of the University are the immediate beneficiaries. However, beneficiaries of our teaching and research-related activities are diverse and include local, national and international businesses and charities and their customers / clients, public sector organisations and community groups and their customers / clients, as well as the wider Sheffield city-region population.

### **Improving access and providing opportunities to participate in higher education**

We take steps to ensure that all those who are eligible on grounds of academic ability and potential to succeed are considered for a place at Sheffield Hallam University through a fair and transparent application and admissions process, as determined by our admissions policy. We continue to raise aspiration for higher education study, and to encourage under-represented groups and those with traditionally low levels of participation in higher education to apply and to have the opportunity to benefit from our higher education provision and student experience.

We carry out a programme of targeted, quality, and effective engagement with schools and colleges, offering a range of pre-enrolment services around raising aspirations, recruitment development, and transition-support activities, to enhance access to higher education, as well as retention and student success post-arrival, including:

#### **Higher Education Progression Partnership:**

The University is a founding member of this new partnership being developed between Sheffield Hallam University, the University of Sheffield, Sheffield College, schools, colleges and local employers within the Sheffield City Region to raise aspirations and encourage the progression into higher education of young people, adults and work-based learners, with a particular emphasis on widening participation of learners from disadvantaged backgrounds.

#### **Associate Schools and Colleges Partnership:**

2012/13 was the eighth year of successfully building and maintaining strong relationships between Sheffield Hallam University and local schools and colleges providing post-16 education. The geographical reach of the partnership was extended this year, with the partnership consisting of around 100 schools and colleges, the majority of which are in areas ranked within the highest quartile of multiple deprivation indices. The Associate Schools and College Partnership provides the network through which a wide variety of outreach visits, mentoring, master classes and subject-specific taster experiences are co-ordinated and delivered.

#### **Compact Scheme:**

Our Compact Scheme supports potential students facing acute disadvantage through the application process to ensure that they maximise their opportunity to study here.

#### **Care Leavers**

We are holders of the Frank Buttle Trust UK kite mark, recognising our commitment to support students who are, or who have been in care, to successfully progress to higher education. We offer access to a student mentor and to our Compact Scheme and we provide care leavers with a single point of contact both pre-enrolment and once on course to maximise their potential to study here. Our work with care leavers has gradually increased in scope to include strategic partnerships with the University of Sheffield and local authorities, alongside a programme of inspirational in-reach and taster activity.

#### **Bursaries and financial support**

Our arrangements for fees and bursaries are set out in our Access Agreement which has been approved by the Office of Fair Access. These arrangements help to ensure that the opportunity to benefit from higher education is not restricted by the ability to pay fees.

We administer a range of statutory bursaries with funding from government for those students that meet the national qualifying criteria.

We participate in the National Scholarship Scheme (NSP) and provide a £2,000 fee waiver and £1,000 cash bursary to the 560 new undergraduate students in greatest need, which will increase to 1,120 students in 2013/14, and 1,680 in 2014/15. For 2012/13 and 2013/14 whilst the NSP is being rolled out, we also directly provide our own cash bursary of £500 for new students with a household income of less than £25,000 but who do not receive the NSP.

We also directly provide two types of bursary for students from the local region and from lower-income households, to provide further genuine opportunities to participate in higher education by removing some of the financial barriers to study that such students face. We provide the Sheffield Hallam Partnership Bursary of £300 cash for each year of undergraduate study to students from associate schools and colleges, and the Sheffield Hallam Grant Bursary of £700 cash for each year of undergraduate study to students who receive the full Higher Education Maintenance Grant.

### **Research and knowledge transfer**

Our research and knowledge transfer has direct economic and social benefits both for our direct beneficiaries, and the wider public in terms of its impact.

Any private benefit arising from commercially funded research and knowledge transfer activity is incidental to our principle aims and purpose of advancing 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 detriment or harm. We have considered that none of our research activity causes detriment or harm as it does not fall into areas such as animal testing.

## Financial Review

### Financial highlights of the year

- operating surplus\* for the sixteenth consecutive year (£10.6m, 2012:£11.5m)
- total income £247.3m (2012:£242.8m)
- staff costs (excluding restructuring) were 61.9% of total income (2012:59.6%)
- net assets of £148.1m (2012:£126.6m)
- continued capital investment in the estate of £21.2m (2012:£13.4m)
- net operating cashflow £18.7m (2012:£20.5m)
- net funds increased by £5.4m to £69.3m

\* surplus after depreciation of tangible fixed assets at valuation and before tax

### Income

Total income for the University has increased by £4.5m to £247.3m.

Tuition fee and education contracts income accounts for (63.2%) of the University's total income and has increased by £29.6m to £156.2m in 2013. Offsetting this is a decrease of £25.3m in funding body grants, which now represent 24.9% of total income (2012: 35.8%). The two movements reflect changes in the funding system to one in which the Government pays a small proportion of funding directly to universities, with UK students paying most of the cost of Higher Education through a fee. Overseas student income has increased by £2.9m to £28.7m, which reflects continued increases in our numbers of students from China.

Research grants and contracts income has increased by £1.1m in the year to £7.9m. This is represented by an increase in EU Framework 7 project funding. Other income has decreased by £0.7m as a result of a decrease in consultancy income generated by Knowledge Transfer activity.

Investment income has decreased by £0.2m to £2.2m, due to decreases in deposit interest rates in the year and a reduction in short term investments in the final quarter of the year.

### Expenditure

Staff costs have increased by £8.1m to £154.5m. Salaries costs have increased by 5% as a result of a 4.3% increase in staff numbers and a 1% increase agreed in National Pay Negotiations effective from 1 August 2012 for employees in the Local Framework Agreement. Pension costs have increased by £2.0m as a result of a higher FRS17 charge in respect of the Local Government Pension Scheme.

Other operating expenditure has decreased by £0.4m to £66.2m. This represents savings made in a number of areas this year and extra investment in Student Experience at the end of last year. The University has also made savings on recruitment penalties levied by HEFCE following changes in recruitment strategy in 2012. Depreciation has decreased by £1.3m to £14.0m.

Interest payable and other finance costs have decreased by £1.0m to £1.9m. The decrease relates to a £0.6m decrease in FRS17 pension finance costs and a £0.4m decrease in interest payable on loans.

### Balance sheet

The net assets of the University Group have increased by £21.5m to £148.1m in the year.

The University Group has net current assets of £82.4m against a previous year balance of £112.0m. The decrease of £29.6m is mainly due to changes in the University's financing in the year. The University reduced its borrowings drawn down from its revolving credit facility by £37m in the final quarter of the year and this resulted in a reduction in short term investments of £30.9m.

Tangible fixed assets have increased to £165.2m (2012: £159.8m). This movement includes capital spend of £21.2m in the year, a depreciation charge of £14.0m and net book value disposals of £1.7m.

The University participates in the Local Government Pension Scheme (LGPS), Universities Superannuation Scheme (USS) and Teachers Pension Scheme (TPS). The USS and TPS are accounted for on a defined contributions basis, whereas LGPS is accounted for under FRS17. The FRS17 accounting has resulted in a

charge to the operating surplus of £4.0m. Actuarial gains and losses are charged to the Statement of Total Recognised Gains and Losses. For the year to 31 July 2013, there was an actuarial gain of £12.6m (2012: actuarial loss of £11.0m). The large movement in the year can be analysed into two components. £17.7m is as a result of actual returns on scheme assets being higher than expected at the last actuarial valuation and £5.1m is as a result of changes to financial and demographic assumptions underlying the scheme liabilities. Overall, the pension deficit has decreased to £61.1m from £69.7m at the prior year end.

### **Treasury management**

The University has generated cash from operating activities of £18.7m (2012: £20.5m). Net funds have increased by £5.4m to £69.3m. The University's revolving credit facility with Barclays has continued to allow the University to invest working capital to maximise financial return in the short term. The University remains in a strong position to deal with the impact of changes to Higher Education funding.

The University has a Treasury Management Policy that has been agreed by the Board of Governors to manage risk. The policy states the minimum liquidity level which must be maintained and defines procedures to limit exchange rate exposure. The policy also sets minimum approved ratings and investment limits for counterparties in which the University can invest to safeguard the assets of the University.

### **Payment of creditors**

The University is fully committed to the prompt payment of its supplier's invoices and supports the Confederation of British Industry's Prompt Payment Code. The University aims to pay invoices in accordance with agreed contractual conditions or, where no specific conditions exist, within 30 days of receipt of goods or services or the presentation of a valid invoice, whichever is the later.

## **Independent auditors' report to the Board of Governors of Sheffield Hallam University**

We have audited the financial statements of Sheffield Hallam University for the year ended 31 July 2013 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated statement of Historical Cost Surpluses and Deficits, the Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 38. 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) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the governing body in accordance with the financial memorandum effective August 2010. Our audit work has been undertaken so that we might state to the governing body 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 board of governors 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, the governing body is responsible for the preparation of the financial statements that 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governing body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2013 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

### **Opinion on other matters prescribed by the Higher Education Funding Council for England Audit Code of Practice**

In our opinion:

- in all material respects, income from the funding council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2013 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2013 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum, with the funding council.

**Matter on which we are required to report by exception**

We have nothing to report in respect of the following matter where the Higher Education Funding Council for England Audit Code of Practice requires us to report to you if, in our opinion:

- the Statement of Internal Control is inconsistent with our knowledge of the University.

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Leeds  
27 November 2013

**SHEFFIELD HALLAM UNIVERSITY**  
**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**for the year ended 31 July 2013**

	<b>Note</b>	<b>2013 £000</b>	<b>2012 £000</b>
<b>INCOME</b>			
Funding body grants	2	61,496	86,807
Tuition fees and education contracts	3	156,225	126,587
Research grants and contracts	4	7,921	6,827
Other income	5	19,479	20,194
Endowment and investment income	6	2,188	2,363
		<hr/>	<hr/>
<b>Total income</b>		<b>247,309</b>	<b>242,778</b>
		<hr/>	<hr/>
<b>EXPENDITURE</b>			
Staff costs	7	154,543	146,441
Depreciation	8	14,043	15,371
Other operating expenses	9	66,162	66,587
Interest and other finance costs	10	1,924	2,903
		<hr/>	<hr/>
<b>Total expenditure</b>	11	<b>236,672</b>	<b>231,302</b>
		<hr/>	<hr/>
<b>Surplus after depreciation of tangible fixed assets at valuation and before tax</b>		<b>10,637</b>	<b>11,476</b>
		<hr/>	<hr/>
Taxation		-	-
		<hr/>	<hr/>
<b>Surplus after depreciation of assets at valuation and tax</b>		<b>10,637</b>	<b>11,476</b>
		<hr/>	<hr/>
<b>Surplus before exceptional items</b>		<b>10,637</b>	<b>11,476</b>
Exceptional items:			
Disposals of fixed assets	12	3,626	-
		<hr/>	<hr/>
<b>Surplus after depreciation of assets at valuation and disposal of assets and tax</b>		<b>14,263</b>	<b>11,476</b>
		<hr/>	<hr/>
<b>Surplus for the year retained within general reserves</b>		<b>14,263</b>	<b>11,476</b>
		<hr/>	<hr/>
All results are from continuing operations			



**SHEFFIELD HALLAM UNIVERSITY**  
**CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS**  
**for the year ended 31 July 2013**

	<b>Note</b>	<b>2013 £000</b>	<b>2012 £000</b>
Surplus on continuing operations before taxation		10,637	11,476
Revaluation surpluses realised on sale of properties	25	1,300	1,359
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	25	331	338
		<hr/>	<hr/>
Historical cost surplus for the year before taxation		<b>12,268</b>	<b>13,173</b>
		<hr/>	<hr/>
Historical cost surplus for the year after taxation		<b>12,268</b>	<b>13,173</b>
		<hr/>	<hr/>

**SHEFFIELD HALLAM UNIVERSITY**  
**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the year ended 31 July 2013**

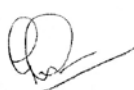
	<b>Note</b>	<b>2013 £000</b>	<b>2012 £000</b>
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		14,263	11,476
New endowments	16	25	10
Endowment income retained for the year	16	(12)	(8)
Actuarial gain/(loss) in respect of the pension scheme	24	12,569	(11,039)
		<hr/>	<hr/>
Total recognised gains relating to the year		<b>26,845</b>	<b>439</b>
		<hr/>	<hr/>
<b>Reconciliation</b>			
Opening reserves and endowments		93,777	93,338
Total recognised gains for the year		26,845	439
		<hr/>	<hr/>
Closing reserves and endowments		<b>120,622</b>	<b>93,777</b>
		<hr/>	<hr/>

**SHEFFIELD HALLAM UNIVERSITY**  
**CONSOLIDATED BALANCE SHEET**  
**as at 31 July 2013**

	<b>Note</b>	<b>2013 £000</b>	<b>2013 £000</b>	<b>2012 £000</b>	<b>2012 £000</b>
<b>FIXED ASSETS</b>					
Tangible assets	12	165,244		159,767	
Investments	15	42		42	
			165,286		159,809
<b>ENDOWMENT ASSETS</b>	16		565		552
<b>CURRENT ASSETS</b>					
Stocks		99		126	
Debtors	17	19,407		22,489	
Short term deposits		105,369		136,288	
Cash at bank and in hand		413		1,091	
		125,288		159,994	
<b>CREDITORS</b> – amounts falling due within one year	18	(42,933)		(47,999)	
<b>NET CURRENT ASSETS</b>			82,355		111,995
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			248,206		272,356
<b>CREDITORS</b> – amounts falling due after more than one year	19	(37,000)		(74,000)	
<b>PROVISION FOR LIABILITIES</b>	21	(2,028)		(2,053)	
			(39,028)		(76,053)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			209,178		196,303
<b>PENSION LIABILITY</b>	24		(61,113)		(69,696)
<b>TOTAL NET ASSETS</b>			<b>148,065</b>		<b>126,607</b>
<b>DEFERRED CAPITAL GRANTS</b>	22		27,443		32,830
<b>ENDOWMENTS</b> – expendable	16		565		552
<b>RESERVES</b>					
Income and expenditure account excluding pension reserve	23	164,124		144,215	
Pension reserve	24	(61,113)		(69,696)	
Revaluation reserve	25	16,501		18,132	
Capital reserve	26	545		574	
			120,057		93,225
<b>TOTAL NET ASSETS</b>			<b>148,065</b>		<b>126,607</b>

The financial statements on pages 30 to 63 were approved on behalf of the Board of Governors on 26 November 2013

Geoff Dawson, Chairman of the Board of Governors



P A Jones, Vice-Chancellor

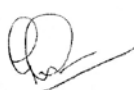


**SHEFFIELD HALLAM UNIVERSITY**  
**UNIVERSITY BALANCE SHEET**  
**as at 31 July 2013**

	<b>Note</b>	<b>2013 £000</b>	<b>2013 £000</b>	<b>2012 £000</b>	<b>2012 £000</b>
<b>FIXED ASSETS</b>					
Tangible assets	13	155,753		150,769	
Investments	15	15,807		15,807	
			171,560		166,576
<b>ENDOWMENT ASSETS</b>	16		565		552
<b>CURRENT ASSETS</b>					
Stocks		100		126	
Debtors	17	18,946		21,871	
Short term deposits		105,369		136,288	
Cash at bank and in hand		391		852	
		124,806		159,137	
<b>CREDITORS</b> – amounts falling due within one year	18	(42,420)		(47,131)	
<b>NET CURRENT ASSETS</b>			82,386		112,006
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			254,511		279,134
<b>CREDITORS</b> – amounts falling due after more than one year	19	(52,765)		(89,765)	
<b>PROVISION FOR LIABILITIES</b>	21	(2,028)		(2,053)	
			(54,793)		(91,818)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			199,718		187,316
<b>PENSION LIABILITY</b>	24		(61,113)		(69,696)
<b>TOTAL NET ASSETS</b>			<b>138,605</b>		<b>117,620</b>
<b>DEFERRED CAPITAL GRANTS</b>	22		27,443		32,830
<b>ENDOWMENTS</b> – expendable	16		565		552
<b>RESERVES</b>					
Income and expenditure account excluding pension reserve	23	154,664		135,228	
Pension reserve	24	(61,113)		(69,696)	
Revaluation reserve	25	16,501		18,132	
Capital reserve	26	545		574	
			110,597		84,238
<b>TOTAL NET ASSETS</b>			<b>138,605</b>		<b>117,620</b>

The financial statements on pages 30 to 63 were approved on behalf of the Board of Governors on 26 November 2013

Geoff Dawson, Chairman of the Board of Governors



P A Jones, Vice-Chancellor



**SHEFFIELD HALLAM UNIVERSITY**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**for the year ended 31 July 2013**

	<b>Note</b>	<b>2013 £000</b>	<b>2012 £000</b>
Net cash inflow from operating activities	30	18,744	20,513
Return on investments and servicing of finance	31	1,445	1,460
Capital expenditure and financial investment	32	(14,773)	(10,853)
		<hr/>	<hr/>
Net cash inflow before use of liquid resources and financing		5,416	11,120
Management of liquid resources		30,906	(10,974)
Financing	33	(37,000)	-
		<hr/>	<hr/>
(Decrease)/Increase in cash in the year		<b>(678)</b>	<b>146</b>
		<hr/>	<hr/>
<b>Reconciliation of net cash flow to movement in net funds</b>			
(Decrease)/Increase in cash in the year		(678)	146
(Decrease)/Increase in cash in liquid resources		(30,906)	10,974
Change in debt	33	37,000	-
		<hr/>	<hr/>
Increase in net funds		<b>5,416</b>	<b>11,120</b>
Net funds at 1 August		63,931	52,811
		<hr/>	<hr/>
Net funds at 31 July	34	<b>69,347</b>	<b>63,931</b>
		<hr/>	<hr/>

# **SHEFFIELD HALLAM UNIVERSITY**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. Statement of principal policies**

#### **Accounting convention**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings, and in accordance with both the Statement of Recommended Practice : Accounting for Further and Higher Education (the SORP) issued in September 2007 and applicable United Kingdom Accounting Standards.

#### **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 2013. 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.

#### **Going concern**

The Consolidated and University Accounts are prepared on a going concern basis as per the Operating Financial Review report on page 23.

#### **Recognition of income**

Income from specific grants from the Higher Education Funding Council for England, specific endowments and donations, research grants, contracts and other services rendered is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. Income received in excess of expenditure is held as a deferred creditor; expenditure in excess of related income is charged during the year in which it is incurred. All income from short-term deposits is credited to the Income and Expenditure Account on a receivable basis.

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

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

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 Income and Expenditure Account in the period in which it is earned.

#### **Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. Foreign exchange gains/losses are dealt with in the Income and Expenditure Account for the financial year.

## Notes to the financial statements

### Leases

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

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

### Land and buildings

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

The University adopted the transitional provisions of Financial Reporting Standard (FRS) 15 and determined not to subsequently revalue its Fixed Assets from the amounts currently included within the Financial Statements.

### Equipment

Designated equipment financed from Funding Council grants and other equipment is capitalised on the basis of nature. Equipment is capitalised if it is tangible, has a life of more than one year and has a purchase cost greater than £5,000. The life of the asset is dependent on its categorisation within 16 categories, ranging from 2 to 10 Years.

### Subsequent expenditure on existing fixed assets

Expenditure incurred on tangible fixed assets is charged to the Income and Expenditure Account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- market value of the fixed asset has subsequently improved;
- assets capacity increases;
- substantial improvement in the quality of output or reduction in operating costs; and
- significant extension of the assets life beyond that conferred by repairs and maintenance.

### Heritage assets

Works of art and other valuable artefacts are capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable.

**Depreciation***Land*

Land is not depreciated.

*Buildings*

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

*Leased buildings*

The 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 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.

*Heritage assets*

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

**Maintenance of premises**

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 Income and Expenditure Account as incurred.

**Assets held for resale**

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

**Stocks**

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

**Cash flows and liquid resources**

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

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



### 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.

### Taxation status

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993) 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 section 287 CTA2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

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

### Investments

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

Listed investments held as fixed assets or endowment assets are stated at market value.

Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

### 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 but 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. In accordance with FRS17 'Retirement benefits' these schemes are accounted for on a defined contribution basis and contributions to these schemes are included as expenditure in the period in which they are payable.

The University is able to identify its share of assets and liabilities of the LGPS and therefore fully adopts FRS17.

**2. Funding body grants**

	<b>2013 £000</b>	<b>2012 £000</b>
Higher Education Funding Council for England		
Recurrent grant	46,665	66,844
Specific grants	2,490	2,942
National College for Teaching and Leadership (formerly Teaching Agency)		
Recurrent grant	3,181	7,095
Specific grants	2,858	2,581
Deferred capital grants released in year (Note 22)		
Buildings	1,840	1,911
Equipment	4,462	5,434
	<b>61,496</b>	<b>86,807</b>

**3. Tuition fees and education contracts**

	<b>2013 £000</b>	<b>2012 £000</b>
Full-time undergraduate home and EU students	83,259	59,089
Full-time postgraduate home and EU students	5,781	4,081
Part-time undergraduate home and EU students	4,536	4,475
Part-time postgraduate home and EU students	3,378	3,576
Overseas students	28,722	25,800
Fees from NHS contracts	29,086	28,454
Other fees and support grants	1,463	1,112
	<b>156,225</b>	<b>126,587</b>

**4. Research grants and contracts**

	<b>2013 £000</b>	<b>2012 £000</b>
Research Councils	923	1,132
UK based charities	764	533
UK central government bodies, local authorities and health authorities	3,277	3,353
UK industry, commerce and public corporations	423	394
EU government bodies	1,838	701
EU other	214	337
Other overseas	235	108
Other sources	247	269
	<b>7,921</b>	<b>6,827</b>

**5. Other income**

	<b>2013 £000</b>	<b>2012 £000</b>
Residences, catering and conferences	4,933	4,737
Other services rendered	4,408	5,356
Release of deferred capital grants (Note 22)	181	194
Other income	9,957	9,907
	<b>19,479</b>	<b>20,194</b>

**6. Endowment and investment income**

	<b>2013 £000</b>	<b>2012 £000</b>
Income from restricted expendable endowments (Note 16)	15	11
Income from short term investments	2,173	2,352
	<b>2,188</b>	<b>2,363</b>

**7. Staff costs**

<b>Staff costs</b>	<b>2013 £000</b>	<b>2012 £000</b>
Wages and salaries	124,926	118,937
Social security costs	10,132	9,636
Pension costs (Note 27)	18,012	16,030
Restructuring costs	1,473	1,838
	<b>154,543</b>	<b>146,441</b>

**Emoluments of the Vice-Chancellor**

	<b>2013 £000</b>	<b>2012 £000</b>
Salary	244	244
Other benefits	2	2
	<b>246</b>	<b>246</b>
Pension contributions	-	-
	<b>246</b>	<b>246</b>

Due to length of service in the USS pension scheme, the Vice-Chancellor agreed with the University that it should cease making contributions and instead make a payment to him in lieu. This has not affected the total amount of remuneration he gets from the University.

**7. Staff costs (continued)**

<b>Remuneration of other higher paid staff, excluding employer pension contributions, fall within the following bands:</b>	<b>2013 Number</b>	<b>2012 Number</b>
£100,000 - £109,999	1	3
£110,000 - £119,999	3	3
£120,000 - £129,999	2	4
£130,000 - £139,999	2	2
£140,000 - £149,999	1	2
£150,000 - £159,999	-	-
£160,000 - £169,999	-	1
<b>Average number of staff employed during the year was made up as follows:</b>	<b>2013 Number of FTE's</b>	<b>2012 Number of FTE's</b>
Faculty/Research Institute based	2,020	1,951
Academic support departments	330	313
Administration	892	832
Other	243	245
	<b>3,485</b>	<b>3,341</b>
<b>Compensation for loss of office payable to senior post holders</b>	<b>2013 £000</b>	<b>2012 £000</b>
Compensation payable	-	54

During the year, no compensation was paid to any senior post-holder (2012: one senior post-holder). The severance pay was agreed in accordance with the Institutions Remuneration Committee.

**8. Depreciation**

	<b>2013 £000</b>	<b>2012 £000</b>
<b>The depreciation charge has been funded by:</b>		
Deferred capital grants released (Note 22)	6,483	7,539
General income	7,229	7,494
Revaluation reserve released (Note 25)	331	338
	<b>14,043</b>	<b>15,371</b>

**9. Other operating expenses**

	<b>2013 £000</b>	<b>2012 £000</b>
Premises costs	9,534	9,734
Furniture and supplies	1,805	1,768
Equipment and consumables	3,406	3,373
Operating lease expenditure	2,028	1,568
Books and periodicals	2,799	3,461
Staff development and training	1,454	1,033
Staff travel expenses	2,931	2,828
Other staff costs	486	540
Students grants and expenses	9,697	9,442
Grants to Sheffield Hallam University Union of Students	2,244	2,035
Computers and IT	7,547	8,301
Printing and stationery	1,618	1,828
Marketing and publicity	4,357	3,868
Hospitality	305	308
Postage and communications	895	949
Professional services	7,941	7,229
External auditor's remuneration in respect of audit services	58	56
External auditor's remuneration in respect of non-audit services	78	75
Internal audit services	220	175
Course and exam expenses	4,485	4,834
Bad debts	432	381
Agency staff	1,042	829
Other expenses	800	1,972
	<b>66,162</b>	<b>66,587</b>

**10. Interest and other finance costs**

	<b>2013 £000</b>	<b>2012 £000</b>
Loans not wholly repayable within five years	497	858
Pension finance costs (Note 27)	1,427	2,045
	<b>1,924</b>	<b>2,903</b>

**11. Analysis of total expenditure by activity**

	<b>2013 £000</b>	<b>2012 £000</b>
Academic departments	113,509	107,783
Academic services	37,391	38,087
Administration and central services	38,301	38,330
Premises	24,381	22,438
Residences, catering and conferences	4,821	4,586
Research grants and contracts	8,874	8,135
Other expenses	9,395	11,943
	<b>236,672</b>	<b>231,302</b>

**12. Tangible fixed assets – Consolidated**

	<b>Land and Buildings</b>			<b>Assets under construction</b>	<b>Equipment</b>	<b>Heritage assets</b>	<b>Total</b>
	<b>Freehold</b>	<b>Long lease hold</b>	<b>Short lease hold</b>				
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Valuation/cost</b>							
At 1 August 2012							
Valuation	24,386	-	-	-	-	515	24,901
Cost	187,740	556	1,951	6,192	56,871	-	253,310
Additions at cost	-	-	-	21,050	172	-	21,222
Transfer at cost	3,964	-	-	(7,374)	3,410	-	-
Disposals at:							
– Valuation	(1,300)	-	-	-	-	-	(1,300)
– Cost	(402)	-	-	-	-	-	(402)
At 31 July 2013							
Valuation	23,086	-	-	-	-	515	23,601
Cost	191,302	556	1,951	19,868	60,453	-	274,130
<b>Depreciation</b>							
At 1 August 2012	78,685	262	1,951	-	37,546	-	118,444
Charge for year	8,074	33	-	-	5,936	-	14,043
At 31 July 2013	86,759	295	1,951	-	43,482	-	132,487
<b>Net Book Value</b>							
At 31 July 2013	<b>127,629</b>	<b>261</b>	<b>-</b>	<b>19,868</b>	<b>16,971</b>	<b>515</b>	<b>165,244</b>
At 31 July 2012	<b>133,441</b>	<b>294</b>	<b>-</b>	<b>6,192</b>	<b>19,325</b>	<b>515</b>	<b>159,767</b>

The land and buildings were revalued as at 31 March 1992 by Fuller Peiser, an independent firm of chartered surveyors, in accordance with the fixed assets accounting policy outlined in Note 1.

The disposal of freehold land and buildings at valuation of £1,300,000 gave rise to a profit of £3,626,000. This is treated as an exceptional item in the Consolidated Income and Expenditure Account.

**13. Tangible fixed assets – University**

	<b>Land and Buildings</b>			<b>Assets under construction</b>	<b>Equipment</b>	<b>Heritage assets</b>	<b>Total</b>
	<b>Freehold</b>	<b>Long lease hold</b>	<b>Short lease hold</b>				
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Valuation/cost</b>							
At 1 August 2012							
Valuation	24,386	-	-	-	-	515	24,901
Cost	171,975	16,321	1,951	6,192	56,832	-	253,271
Additions at cost	-	-	-	21,050	145	-	21,195
Transfer at cost	3,964	-	-	(7,374)	3,410	-	-
Disposals at:							
– Valuation	(1,300)	-	-	-	-	-	(1,300)
– Cost	(402)	-	-	-	-	-	(402)
At 31 July 2013							
Valuation	23,086	-	-	-	-	515	23,601
Cost	175,537	16,321	1,951	19,868	60,387	-	274,064
<b>Depreciation</b>							
At 1 August 2012	72,694	15,239	1,951	-	37,519	-	127,403
Charge for year	7,758	821	-	-	5,930	-	14,509
At 31 July 2013	80,452	16,060	1,951	-	43,449	-	141,912
<b>Net Book Value</b>							
At 31 July 2013	<b>118,171</b>	<b>261</b>	<b>-</b>	<b>19,868</b>	<b>16,938</b>	<b>515</b>	<b>155,753</b>
At 31 July 2012	<b>123,667</b>	<b>1,082</b>	<b>-</b>	<b>6,192</b>	<b>19,313</b>	<b>515</b>	<b>150,769</b>

The land and buildings were revalued as at 31 March 1992 by Fuller Peiser, an independent firm of chartered surveyors, in accordance with the fixed assets accounting policy outlined in Note 1.

The disposal of freehold land and buildings at valuation of £1,300,000 gave rise to a profit of £3,626,000. This is treated as an exceptional item in the Consolidated Income and Expenditure Account.

**14. Heritage assets**

The University holds a number of assets which are of historic and artistic value which are being maintained principally for their contribution to knowledge and culture.

The collection has been independently valued by Vivienne Milburn Limited Antiques Values & Auctioneers at a value of £515,070 and the assets have been capitalised at this value.

**15. Investments**

	<b>Consolidated</b>		<b>University</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Investment in subsidiary companies at cost	-	-	9,750	9,750
Loan to Collegiate Properties (2) Limited	-	-	6,015	6,015
Other investments	42	42	42	42
	<b>42</b>	<b>42</b>	<b>15,807</b>	<b>15,807</b>

<b>Group Undertakings</b>	<b>Principal Activity</b>	<b>Percentage of Ordinary Shares Held</b>
3D Imaging Technology Ltd	Dormant	100
Collegiate Library Services Ltd	Dormant	100
Collegiate Properties Ltd	Dormant	100
Collegiate Properties (2) Ltd	Contracting and property leasing	100
Collegiate Properties (3) Ltd	Dormant	100
Hallam Biotechnology Ltd	Dormant	100
Hallam Immunotech Ltd	Dormant	100
Hallam Proteonics Ltd	Dormant	100
O&N Contracting Ltd	Property leasing	100
Sheffield Hallam Innovation and Enterprise Ltd	Holding company	100
Sheffield Hallam Property Company Ltd	Dormant	100
Sheffield Hallam University Enterprises Ltd	Trading activities	100
Virtual Learning Systems Ltd	Dormant	100
Sheaf Innovations Limited	Research	24.9
Xeracarb Limited	Research	9.24



**16. Endowment assets**

<b>Restricted expendable endowments:</b>	<b>Consolidated and University</b>	
	<b>2013</b> <b>£000</b>	<b>2012</b> <b>£000</b>
At 1 August	552	550
Income for year	3	3
New endowments invested	25	10
Transferred to Income and Expenditure account	(15)	(11)
	<hr/>	<hr/>
At 31 July	<b>565</b>	<b>552</b>
	<hr/>	<hr/>
Representing		
Prize funds	265	253
Other funds	300	299
	<hr/>	<hr/>
	<b>565</b>	<b>552</b>
	<hr/>	<hr/>

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

**17. Debtors**

<b>Amounts falling due within one year:</b>	<b>Consolidated</b>		<b>University</b>	
	<b>2013</b> <b>£000</b>	<b>2012</b> <b>£000</b>	<b>2013</b> <b>£000</b>	<b>2012</b> <b>£000</b>
Debtors	12,610	15,402	12,031	14,860
Prepayments	3,662	4,180	3,662	4,175
Accrued income	3,135	2,794	3,248	2,635
Loans	-	113	-	113
Amounts owed by group undertakings	-	-	5	88
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>19,407</b>	<b>22,489</b>	<b>18,946</b>	<b>21,871</b>
	<hr/>	<hr/>	<hr/>	<hr/>

**18. Creditors – amounts falling due within one year**

	<b>Consolidated</b>		<b>University</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Payments received on account	15,209	17,952	15,124	17,909
Trade creditors	9,454	12,114	9,423	12,021
Social security and other taxation payable	3,417	3,708	3,379	3,669
Accruals and deferred income	14,853	14,225	14,494	13,532
Amounts owed to group undertakings	-	-	-	-
	<b>42,933</b>	<b>47,999</b>	<b>42,420</b>	<b>47,131</b>

**19. Creditors – amounts falling due after more than one year**

	<b>Consolidated</b>		<b>University</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Unsecured loans (Note 20)	37,000	74,000	37,000	74,000
Obligation under finance leases	-	-	15,765	15,765
	<b>37,000</b>	<b>74,000</b>	<b>52,765</b>	<b>89,765</b>

	<b>Consolidated</b>		<b>University</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Analysis of finance leases:</b>				
Due within one year	-	-	15,765	15,765
	<b>-</b>	<b>-</b>	<b>15,765</b>	<b>15,765</b>

**20. Borrowings**

	<b>Consolidated and University</b>	
	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of unsecured loans:</b>		
Due in five years or more	37,000	74,000
	<b>37,000</b>	<b>74,000</b>

The University has a revolving credit facility arranged with Barclays Bank Plc on 31 July 2007. The £74m Revolving Credit Facility is available until 31 July 2014, at which point the University can convert the full facility to a term loan for a further 23 years. The interest rate charged is variable and the facility is unsecured.

**21. Provisions for liabilities**

	<b>Consolidated and University</b>			
	<b>Pensions</b>	<b>Restructuring</b>	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 August 2012	623	1,430	-	2,053
Created in year	47	751	932	1,730
Utilised in year	(331)	(1,426)	-	(1,757)
Released in year	6	(4)	-	2
At 31 July 2013	<b>345</b>	<b>751</b>	<b>932</b>	<b>2,028</b>

The pension provision is in respect of pension enhancements payable on behalf of staff who had taken early retirement. This will be utilised over the period of retirement.

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 2013/14.

The other provision is an estimate of the cost of potential refunds of income after the year end. This is expected to be utilised during 2013/14.

**22. Deferred capital grants**

	<b>Funding Councils</b>	<b>Consolidated and University Other Grants</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 August 2012			
Buildings	24,465	943	25,408
Equipment	7,339	83	7,422
<b>Total</b>	<b>31,804</b>	<b>1,026</b>	<b>32,830</b>
Cash received			
Buildings	-	-	-
Equipment	1,096	-	1,096
<b>Total</b>	<b>1,096</b>	<b>-</b>	<b>1,096</b>
Released to Income and Expenditure account			
Buildings	1,840	133	1,973
Equipment	4,462	48	4,510
<b>Total</b>	<b>6,302</b>	<b>181</b>	<b>6,483</b>
At 31 July 2013			
Buildings	22,625	810	23,435
Equipment	3,973	35	4,008
<b>Total</b>	<b>26,598</b>	<b>845</b>	<b>27,443</b>

**23. Income and expenditure reserve**

	<b>2013</b>	<b>Consolidated</b>	<b>2013</b>	<b>University</b>
	<b>£000</b>	<b>2012</b>	<b>£000</b>	<b>2012</b>
		<b>£000</b>		<b>£000</b>
As at 1 August	144,215	127,728	135,228	119,212
Surplus retained for the year	14,263	11,476	13,790	11,005
Release from revaluation reserve	1,631	1,697	1,631	1,697
Release from capital reserve	29	28	29	28
Add back pension reserve	3,986	3,286	3,986	3,286
As at 31 July	<b>164,124</b>	<b>144,215</b>	<b>154,664</b>	<b>135,228</b>

## 24. Pension reserve

	<b>Consolidated and University</b>	
	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
As at 1 August	(69,696)	(55,371)
Actuarial gain/(loss) in respect of the pension scheme deficit	12,569	(11,039)
Deficit retained within reserves	(3,986)	(3,286)
	<hr/>	<hr/>
As at 31 July	<b>(61,113)</b>	<b>(69,696)</b>
	<hr/>	<hr/>

## 25. Revaluation reserve

	<b>Consolidated and University</b>	
	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
As at 1 August	18,132	19,829
Release to Income and Expenditure reserve equivalent to depreciation on revaluation	(331)	(338)
Release to Income and Expenditure reserve revaluation surpluses realised on disposal of properties	(1,300)	(1,359)
	<hr/>	<hr/>
As at 31 July	<b>16,501</b>	<b>18,132</b>
	<hr/>	<hr/>

## 26. Capital reserve

	<b>Consolidated and University</b>	
	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
As at 1 August	574	602
Release to Income and Expenditure reserve	(29)	(28)
	<hr/>	<hr/>
As at 31 July	<b>545</b>	<b>574</b>
	<hr/>	<hr/>

**27. 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).

<b>Total pension cost for the year</b>	<b>2013 £000</b>	<b>2012 £000</b>
Teachers Pension Scheme: contributions paid	8,096	7,831
Universities Superannuation Scheme: contributions paid	1,369	1,276
Local Government Pension Scheme: FRS17 charge	8,547	6,923
	<hr/>	<hr/>
Total pension cost	<b>18,012</b>	<b>16,030</b>
	<hr/>	<hr/>

**Teachers' Pension Scheme (TPS)**

The University participates in the Teachers' Pension Scheme, a defined benefit scheme which is unfunded. 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.

Formal actuarial valuations for unfunded public service pension schemes have been suspended by HM Treasury on value for money grounds. Previously actuarial valuations were carried out on a notional set of investments using the prospective benefits method. The assumptions behind the last full actuarial valuation were as follows:

Latest actuarial valuation	31 March 2004
Investment returns per annum	6.50%
Salary scale increases per annum	5.00%
Pension increases per annum	3.50%
Value of notional assets at date of last valuation	£163,240m
Value of liabilities at date of last valuation	£166,500m

As at 31 March 2013 the scheme had net liabilities of £225.0bn (2011/12: £200.7bn). The valuation was prepared using full membership data as at 2011, such as would have been provided for a formal valuation, updated to reflect the current scheme membership.

From 1 April 2012 tiered contribution rates have been used. The rates applied for each salary band:

	<b>2012/13</b>		<b>2013/14</b>
£1 - £14,999	6.4%	£1 - £14,999	6.4%
£15,000 - £25,999	7.0%	£15,000 - £25,999	7.0%
£26,000 - £31,999	7.3%	£26,000 - £31,999	7.9%
£32,000 - £39,999	7.6%	£32,000 - £39,999	8.8%
£40,000 - £74,999	8.0%	£40,000 - £44,999	9.2%
£75,000 - £111,999	8.4%	£45,000 - £74,999	10.1%
£112,000 or more	8.8%	£75,000 - £99,999	10.6%
		£100,000 or more	11.2%

**There was a balance of £1,160,000 owing by the University at 31 July 2013 (2012: £1,028,000)**

## 27. Pension costs (continued)

### Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme 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 FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme for the year.

The scheme is valued every three years by actuaries using the projected unit method. The assumptions and other data which have the most significant effect on the determination of the contribution level are as follows:

Latest actuarial valuation	31 March 2011
Investment returns per annum – past service	6.1%
Investment returns per annum – future service	6.1%
Salary scale increases per annum	4.4% plus short term at 3.65%
Pension increases per annum	3.4% for 3 years and 2.6% thereafter
Value of assets of the scheme at date of last valuation	£32,433m
Value of the scheme's technical provisions	£35,344m
Indicating a shortfall of	£2,910m
The next actuarial valuation is due 31 March 2014	

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 93% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using an AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level was 82%.

The contribution rate for final salary members has been 7.5% and for career average members 6.5%

The institution contribution rate has been 16% of pensionable salaries.

There was a balance of £185,000 owing by the University at 31 July 2013 (2012: £165,000)

**27. Pension costs (continued)****Correcting the shortfall**

The Trustees have determined (after consultation with the Employers) a recovery plan to pay off the shortfall by 31 March 2021.

**Periods up to 31 March 2017**

The Employers' deficit contributions in the first six years of the recovery plan will amount to 16% p.a. of salaries less the blended Employer future service cost of accrual.

**Periods after 31 March 2017 until 31 March 2021**

The Employers will pay an additional 2% of salaries (in excess of the blended Employer future service cost of accruals).

Based on data, models and assumptions used by the Trustee for the purposes of the 31 March 2011 actuarial valuation, the estimated blended joint member/Employer future service rates are expected to be approximately:

Date	Year	Contribution rate
31/3/2011 - 31/3/2012	1	20.1%
31/3/2012 - 31/3/2013	2	19.9%
31/3/2013 - 31/3/2014	3	19.6%
31/3/2014 - 31/3/2015	4	19.3%
31/3/2015 - 31/3/2016	5	19.0%
31/3/2016 - 31/3/2017	6	18.7%
31/3/2017 - 31/3/2018	7	18.4%
31/3/2018 - 31/3/2019	8	18.1%
31/3/2019 - 31/3/2020	9	17.8%
31/3/2020 - 31/3/2021	10	17.5%

**This table will be updated/re-calibrated at each triennial valuation.**

**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 2010.

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 made for the year ended 31 July 2013 was £9,105,000 of which employers contributions totalled £6,112,000 and employees contributions totalled £2,993,000. The current contribution rates are 13.3% (2012: 13.4%) for employers and employees are on a sliding scale based on earnings, the rate varying between 5.5% and 7.5% (2012: between 5.5% and 7.5%).

The following information is based upon a full actuarial valuation of the fund at 31 March 2010 updated to 31 July 2013 by a qualified independent actuary.

There was a balance of £768,000 owing by the University at 31 July 2013 (2012:£741,000).



**27. Pension costs (continued)**

The material assumptions used by the actuary for FRS 17 at 31 July 2013 were:

	<b>2013</b>	<b>2012</b>
Rate of increase in salaries	4.15%	3.95%
Rate on increase in pensions in payment	2.4%	2.2%
Discount rate	4.6%	4.5%
Inflation assumption	2.4%	2.2%
Proportion of employees opting to take a commuted 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:

	<b>At 31 July 2013</b>	<b>At 31 July 2012</b>
<i>Retiring today</i>		
Males	21.8	21.8
Females	24.7	24.6
<i>Retiring in 20 years</i>		
Males	23.7	23.6
Females	26.6	26.5

**Scheme assets**

The assets in the LGPS scheme and expected rate of return were:

	<b>Long term return %</b>	<b>2013 Fund value £000</b>	<b>Long term return %</b>	<b>2012 Fund value £000</b>	<b>Long term return %</b>	<b>2011 Fund value £000</b>
Equities	7.0%	118,030	7.0%	106,143	7.0%	100,213
Government Bonds	3.3%	26,790	2.5%	23,642	3.9%	24,088
Other Bonds	4.3%	12,813	3.4%	13,370	4.9%	11,118
Property	5.7%	18,442	6.0%	15,652	6.0%	15,132
Cash/Liquidity	0.5%	3,883	0.5%	4,239	0.5%	3,860
Other	7.0%	14,171	0%	-	0%	-
		<b>194,129</b>		<b>163,046</b>		<b>154,411</b>

**27. Pension costs (continued)**

The following amounts at 31 July were measured in accordance with the requirements of FRS 17:

<b>Analysis of the amount shown in the balance sheet</b>	<b>2013 £000</b>	<b>2012 £000</b>
Total fair value of assets	194,129	163,046
Present value of funded scheme liabilities	(255,164)	(232,663)
Present value of unfunded scheme liabilities	(78)	(79)
	<hr/>	<hr/>
Deficit in scheme – Net pension liability	<b>(61,113)</b>	<b>(69,696)</b>
	<hr/>	<hr/>
<b>Amounts charged to operating surplus</b>	<b>2013 £000</b>	<b>2012 £000</b>
Current service cost	(8,687)	(7,042)
Past service cost	(18)	(8)
Settlements and curtailments	(24)	(188)
	<hr/>	<hr/>
Total operating charge	<b>(8,729)</b>	<b>(7,238)</b>
	<hr/>	<hr/>
<b>Amounts charged to interest payable</b>	<b>2013 £000</b>	<b>2012 £000</b>
Expected return on pension scheme assets	9,199	9,184
Interest on pension scheme liabilities	(10,626)	(11,229)
	<hr/>	<hr/>
Net charge	<b>(1,427)</b>	<b>(2,045)</b>
	<hr/>	<hr/>
<b>Amounts recognised in statement of total recognised gains and losses</b>	<b>2013 £000</b>	<b>2012 £000</b>
Actual return less expected return on pension scheme assets	17,687	(3,725)
Change in financial and demographic assumptions underlying the scheme liabilities	(5,118)	(7,314)
	<hr/>	<hr/>
Total actuarial gain/(loss) recognised in the statement of total recognised gains and losses	<b>12,569</b>	<b>(11,039)</b>
	<hr/>	<hr/>

**27. Pension costs (continued)**

<b>Movement in deficit in the year</b>	<b>2013 £000</b>	<b>2012 £000</b>
Deficit in scheme at 1 August	(69,696)	(55,371)
Current service costs	(8,687)	(7,042)
Contributions	6,170	5,997
Past service costs	(42)	(196)
Other finance costs	(1,427)	(2,045)
Actuarial gain/(loss)	12,569	(11,039)
	<hr/>	<hr/>
Deficit in scheme at 31 July	<b>(61,113)</b>	<b>(69,696)</b>
	<hr/>	<hr/>
<b>Analysis of the movement in the present value of scheme liabilities</b>	<b>2013 £000</b>	<b>2012 £000</b>
Liabilities at 1 August	232,742	209,782
Service cost	8,705	7,050
Interest cost	10,626	11,229
Employee contributions	2,993	2,772
Actuarial loss	5,118	7,314
Benefits paid	(4,966)	(5,593)
Curtailments and settlements	24	188
	<hr/>	<hr/>
Liabilities at 31 July	<b>255,242</b>	<b>232,742</b>
	<hr/>	<hr/>
<b>Analysis of the movement in the market value of scheme assets</b>	<b>2013 £000</b>	<b>2012 £000</b>
Assets at 1 August	163,046	154,411
Expected return on assets	9,199	9,184
Actuarial gain/(loss)	17,687	(3,725)
Employer contributions	6,170	5,997
Employee contributions	2,993	2,772
Benefits paid	(4,966)	(5,593)
	<hr/>	<hr/>
Assets at 31 July	<b>194,129</b>	<b>163,046</b>
	<hr/>	<hr/>

The estimated contribution to the defined benefit scheme for the year 2013/14 is £6,235,000.

**27. Pension costs (continued)**

<b>History of experience gains and losses</b>	<b>2013 £000</b>	<b>2012 £000</b>	<b>2011 £000</b>	<b>2010 £000</b>	<b>2009 £000</b>
Actual return less expected return on pension scheme assets	17,687	(3,725)	5,382	11,325	(14,564)
% of scheme assets	9.1%	2.3%	3.5%	8.2%	12.6%
Experience gains and losses arising on scheme liabilities	-	-	(1,910)	(2,803)	19,138
% of present value of scheme liabilities	0%	0%	0.9%	1.4%	10.9%
Total amount recognised in statement of total recognised gains and losses	12,569	(11,039)	5,815	8,522	4,574
% of present value of scheme liabilities	4.9%	4.7%	2.8%	4.4%	2.6%

**28. Lease obligations**

	<b>Consolidated</b>		<b>University</b>	
<b>Annual rentals under operating lease commitments as at 31 July expiring:</b>	<b>2013 £000</b>	<b>2012 £000</b>	<b>2013 £000</b>	<b>2012 £000</b>
<b>Buildings</b>				
Within one year	347	-	347	-
Between one and five years	1,099	874	1,099	874
Over five years	553	448	553	448
<b>Equipment</b>				
Within one year	24	173	24	173
Between one and five years	216	166	216	166
	<b>2,239</b>	<b>1,661</b>	<b>2,239</b>	<b>1,661</b>

**29. Capital commitments**

	<b>Consolidated</b>		<b>University</b>	
	<b>2013 £000</b>	<b>2012 £000</b>	<b>2013 £000</b>	<b>2012 £000</b>
Commitments contracted at 31 July	25,461	6,550	25,461	6,550
Authorised but not contracted at 31 July	10,039	3,312	10,039	3,312
	<b>35,500</b>	<b>9,862</b>	<b>35,500</b>	<b>9,862</b>

### 30. Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	<b>2013 £000</b>	<b>2012 £000</b>
Operating surplus	10,637	11,476
Depreciation	14,043	15,371
Deferred capital grants released income	(6,483)	(7,539)
Investment income	(2,188)	(2,363)
Interest payable	497	858
Decrease in stocks	27	24
Decrease/(Increase) in debtors	3,311	(4,767)
(Decrease)/Increase in creditors	(5,061)	5,255
Decrease in provisions	(25)	(802)
Profit on sale of fixed assets	-	(286)
Pension costs less contributions payable	3,986	3,286
	<hr/>	<hr/>
Net cash inflow from operating activities	<b>18,744</b>	<b>20,513</b>
	<hr/>	<hr/>

### 31. Returns on investments and servicing of finance

	<b>2013 £000</b>	<b>2012 £000</b>
Income from endowments	3	3
Income from short term investments	1,944	2,463
Interest paid	(502)	(1,006)
	<hr/>	<hr/>
	<b>1,445</b>	<b>1,460</b>
	<hr/>	<hr/>

### 32. Capital expenditure and financial investment

	<b>2013 £000</b>	<b>2012 £000</b>
Tangible assets acquired	(21,222)	(13,425)
Receipts from sale of fixed assets	5,328	1,684
Deferred capital grants received	1,096	878
Endowments received	25	10
	<hr/>	<hr/>
	<b>(14,773)</b>	<b>(10,853)</b>
	<hr/>	<hr/>

**33. Financing**

	<b>2013 £000</b>	<b>2012 £000</b>
<b>Debt due after one year:</b>		
Repayments	(37,000)	-
	<b>(37,000)</b>	<b>-</b>

**34. Analysis of changes in net funds**

	<b>At 1 August 2012 £000</b>	<b>Cash Flows £000</b>	<b>At 31 July 2013 £000</b>
Cash at bank and in hand	1,091	(678)	413
Endowment bank balance	552	13	565
	<b>1,643</b>	<b>(665)</b>	<b>978</b>
Debt due in more than 5 years	(74,000)	37,000	(37,000)
Short term deposits	136,288	(30,919)	105,369
	<b>63,931</b>	<b>5,416</b>	<b>69,347</b>

**35. Access funds**

	<b>2013 £000</b>	<b>2012 £000</b>
Funding Council Access grants	581	624
Interest earned	1	3
	<b>582</b>	<b>627</b>
Disbursed to students	(570)	(620)
Grants to be disbursed	<b>12</b>	<b>7</b>

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

**36. National College for Teaching and Leadership (formerly Teaching Agency)**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>Initial Teacher Training Bursaries</b>		
Funds received	3,086	1,457
Disbursed to students	(2,847)	(1,477)
	<hr/>	<hr/>
Unspent funds to be recovered/Overspent funds to be reimbursed	<b>239</b>	<b>(20)</b>
	<hr/>	<hr/>

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.

### 37. Related party transactions

The Governors have considered the requirements of FRS8 – Related Party Disclosures 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, was a director of Yorkshire Universities which received payments from the University of £28,070 (2011/12: £19,120) in relation to membership subscriptions and a part contribution to the funding of a post to co-ordinate communications between Universities in the regional and local enterprise partnerships (LEPs). Professor Jones was a member of the Board of the National Science Learning Centre which made payments to the University of £917,407 (2011/12: £635,953) in relation to the running of the Yorkshire and the Humber Science Learning Centre. In addition, the University made payments of £2,564 (2011/12: 2,298) to the National Science Learning Centre for events, training and conferences.

Mr Michael Longden, a Governor, was an associate director at Irwin Mitchell, Solicitors, which provided professional services for the University. Mr Longden did not provide any of the services commissioned by the University from Irwin Mitchell. Mr Longden had no involvement in the University's arrangements for selection of, instructions to or payment of the University's various lawyers. Payments during the year in respect of such services amounted to £59,281 (2011/12: £32,351). In addition, the University received payments of £2,970 (2011/12: £3,710) from Irwin Mitchell in relation to tuition fees.

Ms Janet Dean, a Governor, was Chair of Sheffield Homes until 18 September 2012. Sheffield Homes made payments of £36,538 (2011/12: £16,497) to the University in relation to the Digital Inclusion Project (a collaborative research project with Sheffield Homes on Digital Inclusion), course fees for courses provided by the University; fees for IT training courses provided by the University and catering and room hire.

Mr Geoff Dawson, a Governor, was a director of the University and Colleges Employers Association (UCEA) which received payments of £11,620 (2011/12: £12,492) in relation to the annual subscription to UCEA and staff development. Mr Geoff Dawson was a member of the Board of the Leadership Foundation for Higher Education which received payments from the University of £16,785 (2011/12: £28,155) in relation to provision of training.

The following Executive Officers of Sheffield Hallam University Union of Students were members of the Board of Governors during the 2012-13 financial year:

- Mr H Duffy was a member of the Board of Governors from July 2013 and his period of office continues to June 2014;
- Mr J Saydraouten was a member of the Board of Governors from July 2013 and his period of office continues to June 2014;
- Ms H Francis was a member of the Board of Governors from July 2012 to June 2013; and
- Mr C Hawkes was a member of the Board of Governors from July 2012 to June 2013.

Sheffield Hallam University made payments to the Sheffield Hallam University Union of Students of £2,439,002 (2011/12: £2,219,927) in relation to the yearly grant made to the Students' Union by the University, Sport Hallam subscriptions and other sports charges, estates and facilities charges and administrative charges. Sheffield Hallam University received payments from the Sheffield Hallam



## Notes to the financial statements

University Union of Students of £389,312 (2011/12: £406,641) in relation to estates and facilities charges and charges for IT support.

Payments to Stuart Britland Advisory Services, a business owned by Stuart Britland, a Governor, are detailed in the note on 'transactions with trustees'.

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

### **38. Transactions with trustees**

Members of the Board of Governors are trustees of the University as an exempt charity. The University is required under the Financial Memorandum 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 an employee of the University Professor Philip Jones received remuneration in connection with his employment and this is disclosed in note 7 of the Operating and Financial Review.

Ms Nicola Haywood-Alexander, a Governor, was a member of staff of the University elected as a governor by and from the professional services staff of the University. Dr Steve Jones and Dr Christine O'Leary were governors and members of academic staff of the University elected by and from the academic staff of the University. 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 (2011/12: £1,664) in relation to provision of specialist management advice.

During 2012/13, expenses in relation to travel, subsistence and THES subscriptions totalling £8,000 (2011/12: £13,000) were paid to or on behalf of eight (2010/11: eleven) 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 37.

## **BOARD OF GOVERNORS FOR THE YEAR ENDED 31 JULY 2013**

Stuart Britland  
Geoff Dawson (Chair)  
Janet Dean  
Rosemary Downs (leave of absence from 19 March 2013 to 31 December 2013)  
Dr Philip Drury (Deputy Chair)  
Howard Duffy (student nominee July 2013 - June 2014)  
Helen Francis (student nominee July 2012 - June 2013)  
Carl Hawkes (student nominee July 2012 - June 2013)  
Nicola Haywood-Alexander  
Prof Philip Jones (Vice-Chancellor)  
Dr Steve Jones  
Michael Longden  
Adeeba Malik  
Dr Christine O'Leary  
Josh Saydraouten (student nominee July 2013 - June 2014)  
Beryl Seaman CBE  
Prof Judy Simons  
Stephen Timothy (appointed 11 October 2012)  
Chris Welsh (leave of absence from 24 July 2012 to resignation on 16 October 2012)

The following were appointed to the Board of Governors from 1 August 2013 and were members of the Board on the date at which the Operating and Financial Review was formally approved:

David Bradley  
Christopher Kinsella  
Neil MacDonald  
Prof Paul Wiles  
Julie Morrissy

Rosemary Downs was a member of the Board for the year ended 31 July 2013. Ms Downs was granted leave of absence from her duties as a member of the Board from 19 March 2013 until 31 December 2013.

Adeeba Malik resigned from membership of the Board of Governors on 9 September 2013.

## **MEMBERSHIP OF BOARD OF GOVERNORS' COMMITTEES FOR YEAR ENDED 31 JULY 2013**

### **FINANCE AND EMPLOYMENT COMMITTEE**

Stuart Britland (Deputy Chair)  
Geoff Dawson  
Janet Dean (Chair)  
Prof Philip Jones (Vice-Chancellor)  
Michael Longden  
Adeeba Malik  
Stephen Timothy

### **NOMINATIONS COMMITTEE**

Geoff Dawson (Chair)  
Dr Philip Drury  
Helen Francis  
Prof Philip Jones (Vice-Chancellor)  
Mark O'Hara (resigned in November 2012)  
Rona O'Brien (appointed 19 March 2013)  
Dr Christine O'Leary  
Beryl Seaman  
Prof Judy Simons (Deputy Chair)

**REMUNERATION COMMITTEE**

Geoff Dawson (Chair)  
Dr Philip Drury (Deputy Chair of the Board)  
Prof Philip Jones (Vice-Chancellor)  
Janet Dean  
Michael Longden

**AUDIT COMMITTEE**

Rosemary Downs (leave of absence 19 March  
2013 to 31 December 2013)  
Dr Philip Drury (Deputy Chair)  
Prof Judy Simons  
Beryl Seaman CBE (Chair)  
Jenny Brown (external co-option)  
Rick Plews (external co-option)

## **PROVIDERS OF FINANCIAL SERVICES**

External auditor

Deloitte LLP

1 City Square

Leeds

LS1 2AL

Internal auditor

KPMG LLP

1 The Embankment

Neville Street

Leeds

LS1 4DW

Banker

HSBC

49-63 Fargate

Sheffield

S1 2HD

Insurer

Aon Ltd

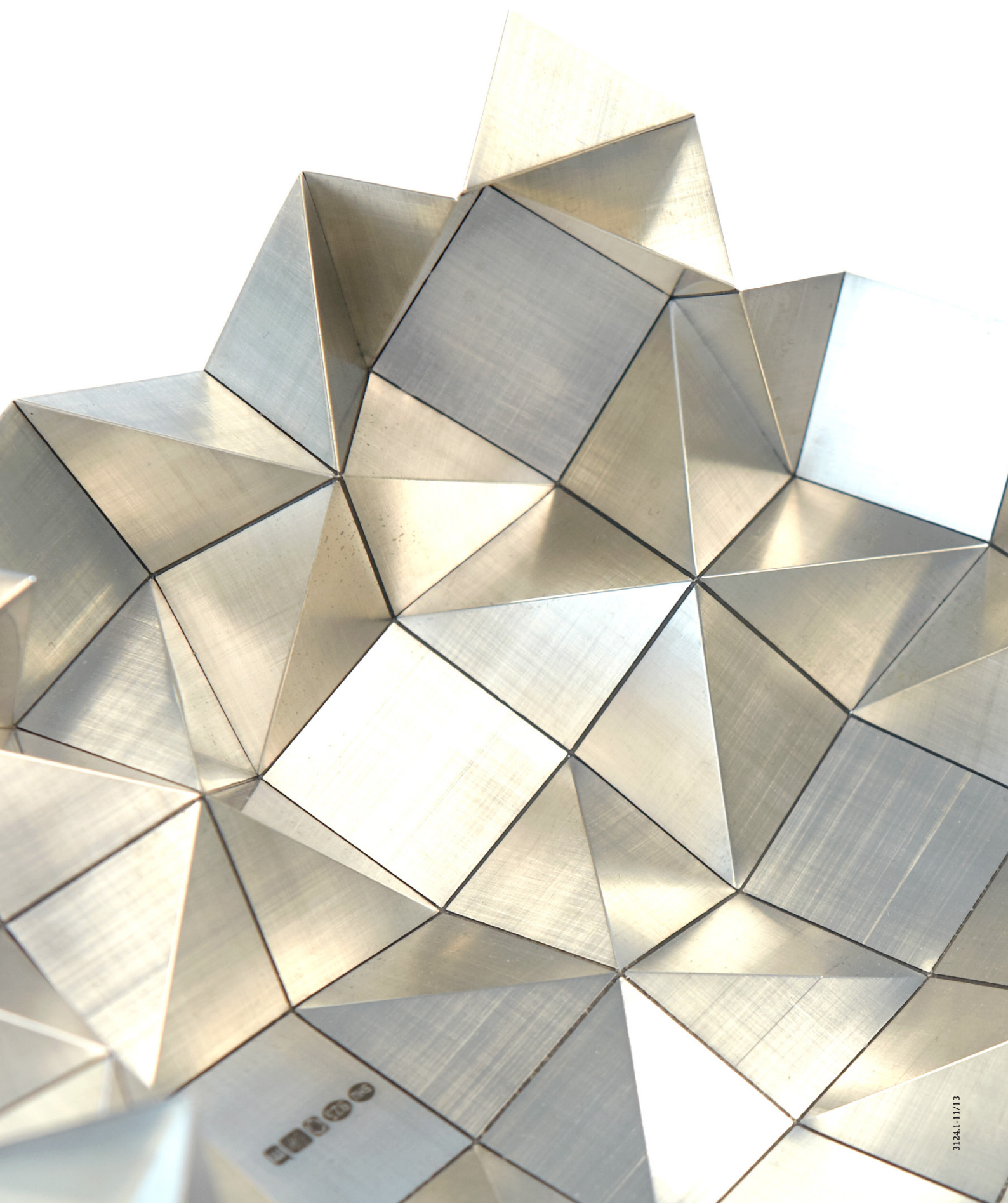
5<sup>th</sup> Floor

Fountain Precinct

Sheffield

S1 2JA





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