



Aston University
Birmingham

Aston
University
**Financial
Statements**

2014-15

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Aston is one of the UK's leading universities across a range of measures. Ranked Top Thirty in the Times Higher Education's 'Table of Tables' and by the same publication as one of the leading 100 universities in the world that are less than 50 years old, we have much of which to be proud.

Aston is highly attractive to students, with a 40% increase in undergraduate acceptances over the past three years – the strongest growth trajectory of any University outside London (Times Higher Education 2014). Aston is 15th in the UK for Overall Student Satisfaction, and our performance continues to improve in this crucial area. This year we registered 12,400 students, coming from over 120 countries. Many of our new first year intakes will have ABB grades or above at A Level or equivalent.

According to the Sunday Times 'you will struggle to find a university in Britain more attuned to the needs of business and industry', which is one of the reasons, our graduate employability remains one of the best, beating many Russell Group institutions.

Our integrated placement year is becoming more and more popular: 73% of our students are spending a year in business, a year abroad, or in pre-registration across subjects allied to medicine.

Over 1,300 of our students are studying a foreign language, either as part of their degree or as part of the – free – University Wide Language Programme, helping them to develop as truly global citizens.

Aston students will be taught well – over half of our academic staff have a Higher Education teaching qualification which is more than double the national average.

Over the last year, we generated £20.1m of research awards– our highest total yet and an increase of 25% on our awards from the preceding year.

Our financial performance for 2014-15 was strong and we are continuing to invest in our Campus Master Plan. The new student residences are proving popular, and in the next three years we will replace the current Students' Union building and plan to launch our very own Medical School.

Moving forwards, we are confident we will deliver our 2020 Strategy. This has two core aims: developing internationally sought after Aston Graduates and delivering world leading Aston Research. To deliver these aims will require a growing financial surplus, and to continue to improve efficiency and effectiveness in all that we do. This will enable us to invest in our student, staff, research and estates.

With best wishes.

Julia King DBE FEng
The Baroness Brown of Cambridge
Vice-Chancellor



Key Highlights

- We have had the highest percentage increase in undergraduate acceptances at 40%, the strongest growth trajectory of any University outside London.
- We registered 12,400 students in 2014/15.
- We are in the Top 15 for Student Satisfaction.
- We have performed strongly in a range of other rankings tables – in the top 30 of the Times Higher Education's 'Table of Tables', 32nd in the Complete University Guide, 33rd in the Guardian Rankings and 34th in the Sunday Times' Rankings.
- We are rated 336th best university globally by the QS and 351st by THE. We are also in the Times Higher '100 Under 50 Years Old' world rankings.
- We were voted as having the best Placement Service of any university – 73% of our students take an integrated placement year or professional training.
- Our graduate employability rate challenges those of the traditional UK elite universities. Six months after graduating, 77.8% of Aston alumni have secured graduate level employment – better than many Russell Group universities.
- We have been awarded a Gold Small Business Charter Mark by the Department of Business Innovation and Skills for Enterprise activities.
- Our MBA is second in the world for alumni income progression, according to The Economist.
- We are planning to launch an independently funded Medical School, that will train doctors from the community for the community
- We were granted £20.1m of new research awards this year – our highest total yet and an increase of 25% on the previous year.
- We will be celebrating 50 years as a University in 2016 and will be organising several major events as part of the celebrations, including the first ever Lightfest, and an exciting event at the Genting Arena in support of Carbon Week.
- We have twice the proportion of Higher Education Academy Teaching Fellows than average in the HE sector.
- We have invested over £80m in campus improvements in the past 5 years.

Aston University is 14th in the UK for 'Top universities by graduate earnings', ahead of UCL, Bristol, Warwick and Loughborough.

(The Telegraph, 2015)



Operating Review

This report presents the financial results for the University and its subsidiary undertakings for the year ending 31 July 2015. Details of the key achievements of the University in the year are reported as well as noting the challenges and pressures of the environment within which it operates.

Aims and objectives

The overall aim of the University is set out in the 1966 Charter:

“to advance, disseminate and apply learning and knowledge by teaching and research for the benefit of industry and commerce and of the community generally and to enable students to obtain the advantage of a university education.”

Public Benefit Statement

Aston University is an exempt charity under the terms of Charities Act 2011.

In setting and reviewing the University’s objectives and activities, Council has had due regard to the Charity Commission’s guidance on the reporting of public benefit. The University is regulated by the Higher Education Funding Council for England (HEFCE) as the principal regulator of English higher education institutions under the Charities Act 2011. The members of Council, who include the Vice-Chancellor and lay, student and staff members, are the trustees of the charity.

Details on the University’s public benefit work can be found throughout this operating and financial review.

The Future

We have some significant challenges to deal with across the sector over the next few years. These include increasing competition, nationally and globally, reduction in funding for infrastructure, key demographic changes, a fixed UK undergraduate fee level, and the need to encourage funders to see universities as important in their development plans.

There is an imperative to keep in the mind of stakeholders the major advantages that universities have for the economy, individuals and society. Aston is in a strong position as an institution which can genuinely claim to transform lives. We are, therefore, seeking to take further advantage of our strengths to bring about significant growth in both size and reputation.

We intend to do this by continuing to encourage students with high potential from all backgrounds to gain the benefits of degrees at Aston and the social mobility which this experience will bring. We will continue to build on our reputation for supporting our students and graduates to be amongst the most employable global citizens within a competitive graduate market place. To do this we will keep investing in our student experience, in a high quality learning environment and the professional development of those who deliver this.

We will take advantage of the diversity of our students to help them gain this global outlook, as well as encouraging as many students as possible to study a foreign language and to work or study abroad.

As part of this initiative we continue to work towards our target of 100% of our students undertaking an integrated placement or pre-registration year.



Operating and Financial Review

Our energies on the student learning experience will continue to focus on development of independent critical thinkers, through research-informed, professionally- focussed programmes, using problem and case-based learning approaches. Further investment in learning spaces will facilitate this, as will encouraging the continuing professional development (CPD) of our staff and innovative methods of the delivery of learning. Our portfolio review group has been working on a new range of degrees which will support our student growth plans. These degrees are now coming on stream.

We are already working to build on our excellent National Student Survey results in 2013 and 2014, by continuing to improve student learning opportunities and learning support.

Our reputation for transformational research continues to grow and we will be building on our excellent record of gaining grants over the past years and keeping up the momentum on the production of high quality papers and dissemination built up for the REF 2014. Recent investment in our infrastructure support for EU funding opportunities should continue to bear fruit.

We are seeing more cross-School interdisciplinary research activity than ever before and this will help us in our objective of increasing our profile internationally.

Our relationship with businesses, communities and the professions remains strongly at the centre of what we do, as it has since our inception in 1895.

We will continue to build on our close relationships with companies but also on the work established more recently with SME's via graduate internships, BSEEN enterprise activity with staff, students and graduates, the Goldman Sachs 10,000 Small Businesses Programme, the Small Business Charter Gold Award and our world leading research in this area.

Increasingly our activities have a global reach. We also have more than 120 countries represented on campus and we are now expanding our reach by running programmes with partners across the world.

These include leading on the new Vietnam-UK University in Danang, significant collaborations in the health sciences in Singapore, Italy and Vietnam, dual degrees in Business and Social Sciences and Engineering programmes in India, Malaysia and across Europe and Africa. All these initiatives, and others, are allowing us to expand beyond the space of our Aston campus.

We are particularly proud of the bespoke degrees we have developed over the past year with companies such as CapGemini and Mondelez. We expect that this method of delivery will be even more prominent in our portfolio in the future.

On order to do all these good things we continue to work to ensure our resource and estates infrastructure is fit for purpose and as efficient as possible.

Major investments will allow us to expand student numbers and also the quality of our provision to support innovative learning. The personal tutoring scheme and library facilities are at the centre of this as is flexible student learning space, living accommodation and monitoring of students who may need help with their learning and providing individualised intervention.

Our strategy ensures that Aston performs well in the sustainability of its infrastructure, and we continue to ensure that we invest in our staff so that they can deliver the best teaching and student experience possible, and maximise our research output.

In all these initiatives we will continue to relate strongly to our local and national community.



Learning and Teaching

We are pleased to report another positive and innovative year for learning and teaching at Aston.

Much of our activity was focussed on preparing for our six yearly Quality Assurance Assessment (QAA) Higher Education Review (HER). This entailed considerable preparation in advance of the week-long auditors' visit, including the production of over 550 documents and case studies, a self-evaluation document and a similar one by the Students' Union. The outcome of the review was positive, resulting in the University meeting all four judgements satisfactorily and gaining commendations for its work in raising the aspirations of students, working with two external companies and raising the employability of graduates, particularly via the placement year.

Apart from the effort put into the QAA visit, we have been concentrating on piloting and embedding our new curriculum design, and annual monitoring processes. These now require a more team-based approach, led by the Programme Director. In order to help this process we have produced a comprehensive handbook for Programme Directors across the institution.

The Professional Certificate in Higher Education along with its sister programme for training PhD academics and the Research Informed Teaching Evaluation (RITE) programme (to accredit experienced teachers) have all been redesigned and successfully gained accreditation from the Higher Education Academy (HEA). This year we have launched an MEd programme for staff who wanted to develop their learning and teaching qualifications further. As a result of all these initiatives we have double the national average HEA Fellows.

This year saw some further improvements into the National Student Survey (NSS) results to its highest level yet of overall satisfaction from students at 90%. We also saw a 1.7% increase in the positive destinations of our graduates in the Destinations of Leavers in HE (DLHE) Survey.

Finally, we are once again proud to report that we have had further success in the prestigious HEA National Teaching Fellowships – Dr Sue Garton, from the School of Language and Social Sciences. We promoted Robin Clarke from the School of Engineering and Applied Sciences to Professor on the basis of his international and national excellence in learning and teaching.

Research

The results of Aston's submission to the Research Excellence Framework (REF) were announced in December 2014. Aston's position in the league tables has improved dramatically since the RAE2008 and we are now 35th in the THE ranking by Grade point average, a rise of 18 places from 52nd after RAE2008. Notably 78% of our research is internationally excellent or world leading – up from 45% in 2008. Following these results Aston's HEFCE research funding allocation increased to over £6m per annum.

We have continued to see strong development in our EC and Research Council funding, with this year also seeing a significant boost to our UK government funding, linked to a strong growth in Innovate UK funding. Of particular note are two significant awards from the EPSRC of £1.54m for a 5 year Manufacturing Fellowship and £720k for "Aston Multidisciplinary Research for Antimicrobial Resistance". In addition researchers in our European Bioenergy Research Institute (EBRI) have received an award under the British Council's prestigious Global Innovation Initiative scheme.

Aston was awarded 13 Marie Curie Fellowships in 2014. Aston's Institute of Photonics received 7 awards, with the remaining 6 distributed across the Schools of Engineering and Applied Sciences and Life and Health Sciences.



Operating and Financial Review

In addition we have been awarded an Innovative Training Network (ITN) in our School of Life and Health Sciences for the project “MASSTRPLAN” (MASS spectrometry TRaining in Protein Lipoxidation ANalysis for Inflammation).

Aston’s success in collaborating with industry has been further strengthened by a significant number of research and knowledge transfer awards. In particular Innovate-UK has funded a total of 8 high-profile projects through their Collaborative Research & Development and Knowledge Transfer Partnership Programmes. BBSRC support has included 5 Collaborative Award in Science and Engineering (CASE) Studentships, and we have secured 7 new Knowledge Transfer Partnerships.

We have been successful in our application for renewal of our HR Excellence in Research Award, awarded by the European Commission in conjunction with Vitae, and we continue to provide dedicated support for our researchers through our Early Career Researchers forum.

Business and Community Engagement

The University continues to play a significant role within the local business community, being a patron of the Birmingham Chamber of Commerce and the Institute of Asian Businesses, an active member of the CBI, and is heavily involved in a range of major business initiatives. One of these, Venturefest West Midlands, was held at the NEC in July 2015, bringing together entrepreneurs, innovators and the investment communities and was attended by some 500 participants.

The Vice-Chancellor served as a board member of the Greater Birmingham and Solihull LEP until May 2015, and the Pro-Vice-Chancellor (PVC) for Business Partnerships and Knowledge Transfer has taken a leading role in developing the LEP’s economic strategy and priorities.

The University is a leading player in the West Midlands for winning funding from the European Regional Development Fund (ERDF) and has managed ten major projects in the current programme, which ends in 2015. These projects have worked with several hundred local businesses through the application of knowledge transfer, innovation, new technologies and graduate placements to boost local economic growth and job creation.

The University will build on this success through its engagement with the new European Structural and Investment Fund (ESIF), which now incorporates ERDF.

The Goldman Sachs 10,000 Small Businesses Programme, managed and delivered by Aston Business School in partnership with the Goldman Sachs Foundation, has now completed 8 cohorts comprising a total of 238 companies, with over three-quarters of these companies already creating jobs after taking part. As one of only three Business Schools nationally to hold Small Business Charter Gold status, Aston has established the Aston Centre for Growth offering leading growth programmes and other opportunities for SME owners looking to grow their businesses.

The University’s support to students and recent graduates in starting their own businesses continues to grow successfully.

The BSEEN enterprise programme with its incubator on the Innovation Birmingham Science Park has hosted and supported 97 new businesses, and Aston also works with key players such as Santander and Ernst & Young on business plan competitions and with UnLtd on social enterprises.



Aston continues to provide strong support to many businesses through collaborative research projects, with the value of these reaching a new peak in 2014-15. It has been particularly successful with Knowledge Transfer Partnerships (KTPs) where the University is first in the UK for the number of active KTPs per full time academic. There has been increased emphasis on spinning-out companies, and the Intellectual Capital Exploitation Panel has been established to oversee these activities.

One recent spin-out, Aston Eyetech Limited, is developing rapidly in the commercialisation of ophthalmic technologies developed by Aston researchers, and won the Start-up category in the West Midlands Medical and Healthcare Business Awards.

Aston's successes in business and community engagement were also recognised in the Midlands Business Awards, being a finalist in both the Most Enterprising University and Most Innovative University categories; as a finalist in the Birmingham Chamber Awards in both the Digital Marketing and Future Face of Business categories; and in the Times Higher Education Leadership and Management Awards as a finalist in the Knowledge Exchange Initiative of the Year category.

The University provided sponsorship for, and Aston staff delivered presentations at, the British Science Festival held in Birmingham in September 2014. In addition, the University continues to be engaged in initiatives promoting science to school children. In March 2015 Aston was a sponsor of the Big Bang Fair at the NEC, Birmingham and in June 2015 it was a sponsor of Big Bang Near Me, staged at the Ricoh Arena, Coventry. In both cases University staff and students performed, and involved schoolchildren in, science demonstrations, raising interest in studying science and engineering.

Energy, Environment and Sustainability

Aston University has implemented a number of initiatives in the last year that have helped drive forward its sustainability agenda.

We have maintained a first class position in the People & Planet Green League ranked 12th out of over 151 institutions, as published in the Guardian January 2015. This places us in the top 10% in terms of environmental / ethical performance and practice.

The Zero Waste from Halls campaign was run for a fifth year where all resident students were encouraged to donate their unwanted items to the British Heart Foundation. The donations diverted a large amount of waste from landfill whilst raising money for the charity.

The University's Energy, Environment and Sustainability Team have their own sustainability mascot for all marketing, "Kitty the Kestrel". Initiatives during the year included the Go Green Champion and Leaders network, where members of staff implement sustainability and energy saving opportunities within their own department.

The annual Go Green Week was repeated for the sixth year putting on over 30 individual events for staff and students. Events included a tour of the European Bioenergy Research Institute; Dr Bike and second hand bike sales and talks by a number of visiting academics such as 'Sustainability: Language and the stories we live by' by Dr Arran Stibbe.

Work carries on making sure Aston maintains its Eco Campus Platinum award, as well as the ISO 14001 standard it received in 2014. These environmental management systems help Aston meet its environmental and legal obligations and show continuous improvement to the environment.



Equality and Diversity

Aston University seeks to eliminate discrimination and positively to promote equality and diversity throughout the University. Its policies aim to ensure fair and consistent employment practices for staff; fair admissions, teaching, learning and assessment processes for students and a positive working environment that promotes dignity and respect for all.

A commitment to equality, diversity and inclusion is embedded in Aston's culture and values, and is key to the delivery of Aston 2020 - the University's Strategic Plan.

The University achieved a renewal of its bronze Athena Swan Award for gender equality to add to the silver award held by Engineering and Applied Science and the bronze award held by Life and Health Sciences.

The University has been investing in promoting the careers of women not only by continuing to sponsor participants on the national AURORA programme, but also by developing our own internal Aston Women's Leadership Programme, which ran for the first time in 2014/15 to considerable acclaim. We are continuing to develop our use of equality related management information so that the impact of our action plans and initiatives can be assessed and understood in detail. Reports are routinely produced at a University and School/department level to enable us to monitor and track progress.

To improve leadership and focus on diversity issues, the University Executive have taken on the role of Diversity Steering Group and we have appointed senior equality champions to provide leadership for gender, ethnicity and disability.

We are approaching parity for the total number of White and Asian/Asian British students at Aston and for undergraduate programmes, we have more Asian/Asian British students than White students. This is a good reflection of our local community.

Principle Risks and Uncertainties

The University identifies and manages its strategic risks via a robust risk management process, endorsed by the Audit Committee ensuring appropriate mitigating actions are in place. The principal risks facing the University are similar to those facing the wider Higher Education sector:

A poor student experience will lead to a decreased uptake of student places

The University recognises the risk of not continuously improving student's total experience at Aston. To mitigate this:

- Aston uses the National Student Survey and league tables to assess its performance and inform relevant policies.
- Aston's strategies to maintain its top performance in graduate employability are kept under constant review.
- Aston is investing heavily in its campus, teaching and research facilities to meet student expectations.



A failure to increase research reputation and funding

This is a key element of the University's strategy, focussing research in high impact and priority areas. The University strives to increase the visibility of our research activity and international reputation.

Aston obtained a successful outcome to its Research Excellence Framework review by the funding bodies in 2014. This will have an impact on research reputation and funding in coming years.

Financial restrictions impact on ability to achieve objectives

Ensuring financial sustainability at a time of reduced government funding, research funding constraints and greater competition is essential.

Aston is responding by successfully increasing student numbers, by improving the students' total experience and ensuring an outstanding proportion of Aston graduates are employed in graduate level jobs.

Operational issues impact on Aston's reputation

We work hard on our recruitment, retention and reward strategies to ensure we continue to retain the best staff possible.

The University is dependent upon a comprehensive and effective IT infrastructure. A strategic review of IT strategy is underway to ensure IT infrastructure is fit for current and future purposes.

The University has a Data Quality Management Group which sets its student data strategy and develops and implements quality data management processes, working at all times towards best practice.

Aston has an effectively developed and tested its IT and Operational emergency recovery plans which are under continuous review to ensure they can mitigate key business impacts.

Financial Review

Summary

The underlying strength of the University continues to develop with total income rising by 3.3% to £124.9m. Given the increasingly competitive nature of the sector, this represents a significant achievement. Key drivers of growth include an increasing student population due to successful year on year recruitment, increased research grant capture and improved commercial income streams.

These income sources have been offset by reductions in teaching grant provided by HEFCE as the continued impact of the new regime for tuition fees works through the sector.

The operating surplus before exceptional items and taxation was £3.0m (2.4% of income), an improvement of £0.4m over the prior year. The University is committed to improving its annual surplus in order to invest in its people and estate in order to deliver exceptional teaching and research.

During the year we continued to invest in our estate with expenditure of £9.8m.

The University has drawn down £5m of additional borrowings from the European Investment Bank to support our capital plans. These receipts and our strong financial performance have contributed to ending the year with an improved cash and investments balance of £27.4m.



Student Population

The overall number of students continues to increase year on year with a total population of 12,400 in 2014-15, with 71% of students studying at undergraduate level and 29% at postgraduate level. Home and EU students represent 77% of the population with the remainder coming from the overseas market. Local students (from Birmingham and the West Midlands) are a significant feature of our student profile, representing 34% of the overall total.

Teaching Income

The taper of HEFCE grant funding since the introduction of the £9,000 student fee has meant that the funding council grants have now reduced by 45% over a 5 year period from £34.3m in 2010-11 to £18.9m in 2014-15. Over the same period tuition fees have risen from £52.6m in 2010/11 to £76.9m in 2014/15. Taking both income streams together, there has been a 10% rise in tuition fee / teaching grant income across the last 5 financial years.

Research Income

Research income relating to 2014/15 was £14.4m, including £0.9m of income from a corporation tax credit scheme (Research and Development Expenditure Credit) which applies to the period April 2013 to July 2014 and therefore is a non-recurring source of funding.

Adjusting for the effect of this credit, research income was £1m higher than the previous year, an increase of 7.6%. The University continues to invest in research capability including additional staff members, complementary skill sets and research facilities.

Other income

Other operating income was £13.8m. Residences, catering and conference income showed improved performance compared to 2013/14.

The University's intellectual property (IP) income reduced following the end of a patent on Temozolomide.

Staff Costs

Aston continues to invest in its academic and research capacity in support of the delivery of its 2020 Strategy.

Staff costs rose by 6% to £74.2m, representing 59% of income. This reflects continued investment in academic and technical staff – up 8% in terms of average full time equivalents and investment in administrative staff (up 3% in terms of average full time equivalents).

Pensions

University employees are eligible to join one of two main defined benefit pension schemes: the Universities Superannuation Scheme (USS) and the Aston University Pension Scheme (AUPS). USS is an independent national scheme run principally for the benefit of higher education institutions and AUPS is a scheme for Aston University employees, sponsored by the University.

USS has taken steps to manage its liabilities by amending its scheme so that from 1st October 2012 new members' pensions are calculated on a Career Revalued Basis (CRB) rather than a final salary basis and employees, as well as the employers, will contribute towards pension deficits.

In addition, USS final salary provision will come to an end on 31 March 2016 with all existing members being transferred to a new Career Revalued Benefits (CRB) scheme.



AUPS has already changed to a career average scheme and the University will continue to take advice and consult with trustees about measures to ensure the scheme's funding position.

The Aston University Pension Scheme deficit reported under FRS17 has remained at approximately £0.9m at the end of the year after actuarial review.

The University has a continuing commitment to pay the West Midlands Pension Fund as managers of the Local Government Pension Scheme (LGPS) for pensioners retiring before 2012/13. This scheme is now closed to employees.

Other Operating Expenses

Other operating expenses decreased between years, by £2.7m. This is due to careful cost management across the University and lower costs relating to Aston Student Villages (ASV) arising from higher occupancy rates in 2014/15. In addition, there was a release of a tax liability provision from the prior year relating to historic gift aid (£0.5m).

Exceptional Items

There were two exceptional items in 2014/15 creating a net £3.3m improvement in operating surplus. Firstly, the release of a Head Lease to Aston Student Villages, net £6.0m. Secondly, the recognition of an impairment relating to non-operational buildings, £2.7m.

Capital Expenditure

The University continues to invest in its estate in order to modernise and extend its facilities for high quality teaching and research with expenditure of £9.8m during the year.

Works completed in 2014/15 focussed on improving the student experience including upgrading the Hub service centre for students and creating a new all-weather pitch at the University's Recreation Centre. Investment was also made into research facilities such as the MRI scanner in the Aston Brain Centre.

The spend on capital will gain pace in the coming years as our plans to invest in a new Medical School, Business School and Students Union begin to take shape.



Operating and Financial Review

Balance Sheet

The Group continues to maintain a strong balance sheet with net assets of £96.0m, an increase of £5.7m over the previous year with net current assets improving from £0.4m to £14.2m. Net debt reduced to £13.2m from £20.0m and included a new European Investment Bank loan of £5m. There is a legal charge on some fixed assets as security for bank loans which have an outstanding balance of £34.9m.

Cash flow and Investment Performance

Cash and short term investments have increased by £11.1m during the year in total for operating and endowment cash. Key reasons for the increase were the receipt of a £7.5m premium relating to a head lease to Aston Student Villages and a new bank loan from the European Investment Bank of £5m as well as new endowments of £1.3m. Interest payable on outstanding loans has remained steady this year at £1.5m.

The rate of return generated by bank interest on the University cash deposits was 0.75% (13-14: 0.6%). The interest rates that the University is currently able to attract range between 0.25% and 1.35% depending on the term of the deposit.

Scope of the Financial Statements

The Financial Statements for the year ended 31 July 2015 comprise the results of the University and its operating subsidiaries, Conference Aston Limited, which manages the University's conference facilities and associated activities and Optimus Energy Limited, which manages the commercialisation of bioenergy research.

The financial statements exclude the finance results of the independently managed Aston Student Villages Limited (ASV) and the Students' Union. The Students' Union is a separately registered charity which was registered with the Charities Commission in October 2011. ASV is separately registered company, formed in 2002.

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2007); using accounting policies which are consistent with the prior year.

Dr Paul Golby, CBE FEng
Pro-Chancellor and Chair of Council
23rd November 2015



Corporate Governance

The University Council operates in accordance with the Committee of University Chairs' (CUC) Higher Education Code of Governance and the Model Memorandum of Assurance and Accountability between the Higher Education Funding Council for England (HEFCE) and Higher Education Institutions (HEI) which includes the HEFCE Audit Code of Practice. This includes a comprehensive risk assessment and management process which is now firmly established and monitored by the Audit Committee on behalf of Council. Audit Committee reviews policies and processes that ensure value for money is delivered by the University, whilst the Finance and Major Projects Committee assesses the costs, risks and benefits associated with major capital projects.

Governance Structure

The University's Charter, Statutes and Ordinances set out the arrangements for the governance and management of the institution. The University's Council and its committees monitor the performance of management and assure an effective corporate strategy. The Senate and its committees assure and enhance the quality and standards of taught and research programmes, as well as maintaining and improving the quality of the student experience. The Executive Team supports the Vice-Chancellor in providing strategic leadership and management to ensure that Aston remains a financially and academically successful institution, operating in accordance with the strategic goals, policies and processes approved by Council and Senate.

The University is committed to exhibiting current best practice in all aspects of corporate governance. The University Council has adopted the recommendations of the CUC's Higher Education Code of Governance which is reflected in the Statement of the Council's Primary Responsibilities: (<http://www1.aston.ac.uk/about/university-governance/council/statement-of-the-councils-primary-responsibilities/>).

Council

The University's Council comprises independent members, students and employees appointed under the Statutes of the University, the majority of whom are non-executive. The Chancellor and the Pro-Chancellor and Chair of the University Council are independent members whose roles are distinct from that of the Vice-Chancellor and Chief Executive. The matters specifically reserved to the Council for decision are determined by the Statutes of the University and by the Memorandum of Assurance and Accountability with HEFCE.

The Council is responsible for the approval of plans for the on-going 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 Council meets at least five times a year and has several Sub Committees, including an Audit Committee; a Finance and Major Projects Committee; a Nominations Committee; and a Remuneration Committee. In addition, members of the Council and Senate have an annual strategy away day, focussing on the development and implementation of strategy.

All of these Committees are formally constituted with terms of reference.



Corporate Governance Statement

They comprise mainly independent members of Council or independent co-opted members, one of whom is the Chair.

In respect of its strategic and development responsibilities, the Council receives recommendations and advice from the University Executive Team and the Senate, the body responsible for the University's academic affairs.

Senate

The Senate is the academic authority of the University, responsible for the award of degrees, and for the regulation and superintendence of academic programmes (teaching and research). It also regulates the admission, examination and discipline of students, and has responsibility for the oversight and maintenance of academic standards, exercised through its Learning and Teaching and Research Committees.

Sub Committees of the University Council

The Finance and Major Projects Committee recommends to Council the University's annual revenue and capital budgets, and monitors performance both in respect of operations and of major capital projects against the approved budgets.

The Audit Committee considers detailed reports on the adequacy and effectiveness of the University's arrangements for risk management, control and governance; economy, efficiency and effectiveness (VFM); and management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), the Student Loans Company, HEFCE and other bodies.

It also receives and considers reports from the HEFCE as they affect the University's business, and monitors adherence with the regulatory requirements.

The Audit Committee has responsibility for the recommendation of the Financial Statements to Council.

The Nominations Committee considers nominations for, and makes recommendations to the Council for filling vacancies in the Council's lay category of membership under the relevant Statute. Those lay members are eligible for re-appointment when they retire by rotation.

The Remuneration Committee determines the remuneration of the most senior staff, including the Vice-Chancellor. The Vice-Chancellor's performance objectives are agreed each year with the Chair of the Council and Remuneration Committee. Appraisals take place on a regular basis throughout the year.

Executive

The Vice-Chancellor is supported by the University Executive team. The Deputy Vice-Chancellor assists the Vice-Chancellor in the management of the University and acts as her deputy. The Pro-Vice-Chancellors (PVC) are senior appointees who assist the Vice-Chancellor in specific areas of academic development including the delivery of the institutional strategic objectives. The academic activity of the University is organised into four academic Schools, each lead by a Pro-Vice Chancellor and Executive Dean, who is also a member of the Executive. The final members of the Executive are the Chief Financial Officer, Chief of Operations and Estates, Executive Director of Campaigns and Executive Director of Marketing, Strategy and Communications.

The Executive Operations Group (EOG), a subset of Executive, comprising the Vice-Chancellor, Deputy Vice-Chancellor, Chief Financial Officer and Chief of Operations and Estates meet fortnightly to look at operational issues.

All statutory returns, Internal Audit reports and other operational issues are reviewed and agreed by EOG.



Internal Control

The Council is responsible for the University's system of internal control and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The key elements of the University's system of internal control, which is designed to ensure that there is a robust and effective control environment, include a robust Audit Committee with regular reporting to Council whose responsibilities include review of the risk register and the internal control environment. Audit Committee regularly receive reports from management on internal controls and issues as they arise along with oversight of action plans to ensure corrective actions are taken where internal control or audit improvements have been identified. Audit Committee receives reports from the University's Internal Auditors (currently PwC) whose annual programme is approved by the Committee and whose lead auditor provides the Committee with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of internal control, including internal financial control.

Audit Committee also receives comments made by the external auditors (currently KPMG) in their management letter and other reports.

Audit Committee produces an Annual Report to Council which provides an overview of how it has met its objectives and its assessment of the adequacy and effectiveness of the University's arrangements for risk management, control and governance; economy, efficiency and effectiveness (VFM); and management and quality assurance of data submitted to external agencies and funding bodies.

Financial Control

Council is charged with taking reasonable steps to ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability; to ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; to safeguard the University's assets and prevent and detect fraud; and to secure the economical, efficient and effective management of the University's resources and expenditure.

To ensure these, Council has approved Finance and Governance Regulations, detailing: financial controls and procedures, as well as processes for risk management, prevention of corruption, fraud and bribery, and management of conflicts of interest. The regulations are approved by Council and subject to regular review. The University has clearly defined and formalised requirements for approval and control of expenditure including decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council.

Risk assessment and internal control are embedded in ongoing operations through clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments.

Council has set a comprehensive long, medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets.



Corporate Governance Statement

A comprehensive set of key performance indicators (KPIs) are reported to Council annually to monitor the progress of the University against its strategic targets. The Executive has developed a sub-set of 12 mission-critical KPIs which the Executive Team and Council consider on a six-monthly basis, together with associated action plans to address KPIs which are below target or moving in the wrong direction. The KPIs encompass student success measures together with financial and non-financial indicators which include monitoring of research activity, results of staff and student surveys and assessment of the University estate.

The Council is responsible for ensuring that the University maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the University and enable Council to ensure that the financial statements are prepared in accordance with the University's Charter, the Statement of Recommended Practice on Accounting in Further and HEIs and other relevant accounting standards.

The Council, within the terms and conditions of the Memorandum of Assurance and Accountability with HEFCE, through its designated office holder, is required to approve financial statements for each financial year which give a true and fair view of the University's state of affairs and of the surplus or deficit and cash flows for that year.

The University Ethics Framework, approved by Council, reflects Aston's commitment to high ethical standards and regulatory compliance, and sets out the broad range of regulations, policies and practices which govern its relationships with colleagues, customers, partners, suppliers and other stakeholders.

The terms of reference of the Audit Committee include the provision of assurance to Council on the effectiveness of the oversight and operation of the University's Ethics Framework.

The University has comprehensive personnel policies including all phases of employment, and all aspects of equal opportunities, speak-up (whistle-blowing), grievances and harassment and appropriate procedures for the appointment of the Vice-Chancellor and other senior officers and for monitoring their performance, including a Remuneration Committee for senior staff.

Risk Management

The University has a strategic risk register which is compiled and reviewed by the Executive. The University has a Head of Strategic Risk and Insurance who manages the operational activities on behalf of Council. Risks are split between operational and environmental risks and include financial and non-financial risks. Risks are evaluated on an assessment of the likelihood and the potential impact if the risk was to arise. Mitigations and sources of assurance are considered for all risks and the internal control processes revised to account for such risks.

Tactical risks are held at School or working group level and are an integral part of all governance and operating activities.

The Audit Committee reviews the University's strategic risk register at regular intervals and reports its observations to the Council, which undertakes reviews of strategic risk management on a twice-yearly basis.

The University has, in the view of the Committee, developed effective and robust procedures and controls for the management of risk.



In order to provide assurance that the above process is operating effectively, Internal Audit undertakes an annual review of elements of the University's procedures for governance and risk management, and its arrangements to promote value for money, as well as the underlying control and monitoring processes. The Internal Audit Annual Report 2014-15 concluded that overall, in the areas examined, the risk management activities and controls were suitably designed to achieve the risk management objectives required by management.

Accounting Basis

The Council 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 financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

Going Concern

The Council has considered the University's academic and financial position, with due regard to its cash flows, liquidity and borrowings, and future expectations as set out in the operating and financial review.

It is satisfied that the University has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

Responsibilities and Membership of Council

The primary responsibilities of Council may be summarised as:

- To approve the mission and strategic vision of the University, long-term business plans, key performance indicators (KPIs) and annual budgets, and to ensure that these meet the interests of stakeholders;
- To appoint the Vice-Chancellor and to put in place suitable arrangements for monitoring her/his performance and to determine he/her remuneration;
- To ensure the establishment and monitoring of systems of control and accountability, including ethical governance; financial and operational controls and risk assessment; and procedures for handling internal grievances and for managing conflicts of interest;
- To monitor institutional performance against plans/budgets and approved KPI's which should be, where possible and appropriate, benchmarked against other comparable universities, and
- To fulfil statutory/regulatory responsibilities.

For the full set of primary responsibilities refer to <http://www1.aston.ac.uk/about/university-governance/council/statement-of-the-councils-primary-responsibilities/>



Corporate Governance Statement

The Council Membership during 2014-15

Ex-officio

| | |
|---------------------------------|--|
| Sir John Sunderland | The Chancellor |
| Dr Paul Golby, CBE FREng | The Pro-Chancellor and Chair of the Council |
| Julia E King, DBE FREng | The Vice-Chancellor |
| The Baroness Brown of Cambridge | |
| Professor Helen Higson, OBE | Deputy -Vice-Chancellor |
| Professor Asif Ahmed | Pro-Vice-Chancellor and Executive Dean of the Aston Medical School |
| Professor Bjorn Birgisson | Pro-Vice-Chancellor and Executive Dean of the School of Engineering and Applied Science |
| Professor George Feiger | Pro-Vice-Chancellor and Executive Dean of the Aston Business School |
| Professor Simon Green | Pro-Vice-Chancellor and Executive Dean of the School of Languages & Social Sciences |
| Professor Helen R Griffiths | Pro-Vice-Chancellor and Executive Dean of the School of Life & Health Sciences (until 31 October 2014) |
| Professor Chris Hewitt | Pro-Vice-Chancellor and Executive Dean of the School of Life & Health Sciences (from 1 November 2014) |
| Mrs Judith Whitaker | Chief Operating Officer (until 31 January 2015) |
| Mr Alan Charters | Chief of Operations and Estates (from 1 February 2015) |
| Mr Neil Scott | Chief Financial Officer |

Appointed

| | |
|---|--|
| Ms Penny Barber | Mr Rob Perrins |
| Ms Dorian Chan | Mr P Pharaoh |
| Dr Andrew Devitt (staff representative) | Mr M J Russell |
| Mr Ben Diffey (student representative) | Mr Surinder Sharma |
| Mr Lance Doughty | Dr Mark Newbold |
| Mr Stuart Doughty, CMG | Mr Colin Parker |
| Professor Alison Hodge MBE (staff representative) | Ms Alison Trauttmansdorff-Weinsberg |
| Mr Ed Lewis | Ms Jema Wyatt (student representative) |

Members of the Council of the University are the Trustees of the University.



Independent Auditor's Report To The Council Of Aston University

We have audited the group and University financial statements (the "financial statements") of Aston University for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Total Recognised Gains and Losses, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the Council and Auditor

As explained more fully in the Statement of Responsibilities of the Council set out on page 17 the Council is responsible for the preparation of financial statements which 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 group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Operating and Financial Review to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 affairs of the Group and University as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's 'Accounts direction to higher education institutions for 2014-15 financial statements'.



Independent Auditor's Report To The Council Of Aston University

Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2014-15 financial statements* have been met.

Andrew LW Bush
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

26th November 2015



Consolidated Income and Expenditure Account - For the year ended 31 July 2015

| | Note | 2014-15 £000 | 2013-14 £000 |
|---|------|-----------------|-----------------|
| INCOME | | | |
| Funding Council grants | 2 | 18,928 | 21,721 |
| Academic fees and support grants | 3 | 76,914 | 71,996 |
| Research grants and contracts | 4 | 14,436 | 12,534 |
| Other operating income | 5 | 13,762 | 14,077 |
| Endowment income and interest receivable | 6 | 834 | 604 |
| Total Income | | <u>124,874</u> | <u>120,932</u> |
| EXPENDITURE | | | |
| Staff costs | 7 | 74,240 | 69,919 |
| Depreciation | 10 | 9,663 | 7,796 |
| Other operating expenses | 9 | 36,502 | 39,248 |
| Interest payable | 8 | 1,468 | 1,396 |
| Total Expenditure | | <u>121,873</u> | <u>118,359</u> |
| Operating surplus after depreciation of assets at valuation | | 3,001 | 2,573 |
| Taxation | 12 | (214) | - |
| Exceptional Items | 11 | 3,337 | 145 |
| Operating surplus after depreciation of assets at valuation and disposal of fixed assets and taxation | | <u>6,124</u> | <u>2,718</u> |
| Surplus for the year transferred to accumulated income in endowment funds | 21 | 379 | 136 |
| Surplus for the year retained for general reserves | | <u>6,503</u> | <u>2,854</u> |
| Included in revenue reserve | | 5,599 | 2,306 |
| Included in pension reserve | | 904 | 548 |
| | | <u>6,503</u> | <u>2,854</u> |

All income and expenditure relates to continuing operations.

The notes on pages 25 to 56 form part of the financial statements.



Statement of Total Recognised Gains and Losses – for the year ended 31 July 2015

| | Note | 2014-15 £000 | 2013-14 £000 |
|--|------|-----------------|-----------------|
| Operating surplus after depreciation of assets and exceptional items | | 6,124 | 2,718 |
| New endowments | 21 | 1,318 | 435 |
| Transfer of endowment asset to capital grants | 21 | 100 | - |
| Appreciation of endowment assets | 21 | 73 | 36 |
| Actuarial loss in respect of AUPS | 33 | (811) | (1,757) |
| Total recognised gains relating to the year | | 6,804 | 1,432 |

Note of Historical Cost Surpluses and Deficits

| | | 2014-15 £000 | 2013-14 £000 |
|--|----|-----------------|-----------------|
| Operating surplus after depreciation of assets and exceptional items | | 6,124 | 2,718 |
| Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount | 22 | 1,457 | 490 |
| Historical cost surplus | | 7,581 | 3,208 |



Balance Sheets – as at 31 July 2015

| | Note | GROUP | | UNIVERSITY | |
|--|------|-----------------|-----------------|-----------------|-----------------|
| | | 2014-15 £000 | 2013-14 £000 | 2014-15 £000 | 2013-14 £000 |
| Fixed Assets | 13 | 120,830 | 126,203 | 120,489 | 125,763 |
| Fixed Asset Investment | 14 | 158 | 414 | 365 | 621 |
| Endowment Asset Investments | 15 | 2,959 | 2,221 | 2,959 | 2,221 |
| Current Assets | | | | | |
| Stocks | | 21 | 32 | 21 | 24 |
| Debtors | 16 | 11,259 | 10,093 | 10,950 | 9,239 |
| Investments (all cash deposits) | | 7,084 | 279 | 7,084 | 279 |
| Cash at bank and in Hand | | 18,371 | 14,693 | 17,663 | 14,100 |
| | | 36,735 | 25,097 | 35,718 | 23,642 |
| Creditors: amounts falling due within one year | 17 | (22,506) | (24,669) | (21,723) | (24,267) |
| Net Current Assets / (Liabilities) | | 14,230 | 428 | 13,995 | (625) |
| Creditors: amounts falling due after more than one year | 18 | (40,570) | (36,970) | (40,570) | (36,970) |
| Finance lease falling due after more than one year | 18 | (543) | (266) | (543) | (266) |
| Provisions for Liabilities and Charges | 19 | (231) | (807) | (231) | (291) |
| TOTAL NET ASSETS excluding pension liability | | 96,832 | 91,223 | 96,464 | 90,453 |
| Pension Liability | 23 | (853) | (946) | (853) | (946) |
| TOTAL NET ASSETS including pension liability | | 95,979 | 90,277 | 95,611 | 89,507 |
| Represented by: | | | | | |
| Deferred Capital Grants | 20 | 21,122 | 21,850 | 21,122 | 21,850 |
| Endowments | 21 | | | | |
| Permanent | | 1,110 | 1,112 | 1,110 | 1,112 |
| Expendable | | 1,849 | 1,109 | 1,849 | 1,109 |
| | | 2,959 | 2,221 | 2,959 | 2,221 |
| Reserves | | | | | |
| Revaluation Reserve | 22 | 11,477 | 12,934 | 11,477 | 12,934 |
| General Reserves | 23 | 61,274 | 54,218 | 60,906 | 53,448 |
| Pension Reserve | 23 | (853) | (946) | (853) | (946) |
| | | 71,898 | 66,206 | 71,530 | 65,436 |
| TOTAL FUNDS | | 95,979 | 90,277 | 95,611 | 89,507 |

The financial statements were approved by the Council on 23rd November 2015, and were signed on its behalf by the Pro Chancellor and the Vice-Chancellor as the principal office holders, as defined in the Financial Memorandum.

Dr Paul Golby CBE FREng
Pro-Chancellor and Chair of Council

Julia King DBE FREng
The Baroness Brown of Cambridge
Vice-Chancellor



Consolidated Cash Flow Statement

| | Note | 2014-15 £000 | 2013-14 £000 |
|--|------|----------------------|-----------------------|
| Net cash inflow from operating activities | 28 | 5,563 | 9,277 |
| Returns on investments and servicing of finance | 29 | (1,347) | (1,239) |
| Taxation | 12 | (214) | - |
| Capital expenditure and financial investment | 30 | 3,474 | (13,844) |
| Cash inflow / (outflow) before use of liquid resources | | <u>7,476</u> | <u>(5,806)</u> |
| Financing | 31 | 3,672 | (1,110) |
| Increase / (decrease) in cash | 32 | <u><u>11,148</u></u> | <u><u>(6,916)</u></u> |

Reconciliation of Net Cash Flow to Movement in Net Debt

| | Note | 2014-15 £000 | 2013-14 £000 |
|--------------------------------|------|------------------------|------------------------|
| Increase / (decrease) in cash | | 11,148 | (6,916) |
| Change in debt from cash flows | 31 | (3,672) | 1,110 |
| New finance lease | 31 | (700) | (532) |
| Change in Net Debt | 32 | <u>6,776</u> | <u>(6,338)</u> |
| Net Debt at 1 August | 32 | (20,013) | (13,675) |
| Net Debt at 31 July | 32 | <u><u>(13,237)</u></u> | <u><u>(20,013)</u></u> |



Notes To The Financial Statements – Statement of Principal Accounting Policies and Estimation Techniques

1. Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with the statement of recommended practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable Accounting Standards. They conform to guidance published by the Higher Education Funding Council for England.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements except as noted below.

Basis of accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of certain fixed assets and investments, and are prepared on the going concern basis as discussed in the Corporate Governance Statement.

Basis of consolidation

The consolidated financial statements include the University and all its subsidiary undertakings. The University consolidates where its interests are material and it has a majority share in the undertaking.

Intra-group sales and profits are eliminated fully on consolidation.

In accordance with FRS 2, the activities of the Aston Students Union and the Aston University Engineering Academy have not been consolidated because the University does not control those activities.

Recognition of income

Income from research grants, contracts and other services rendered are included to the extent of the equivalent expenditure incurred during the year and any related contributions towards overhead costs; any payments received in advance of such performance are recognised on the balance sheet as liabilities. Income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Income from endowments is credited to the income and expenditure account in the period in which it is earned. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes, donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

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 are recognised in the period in which they are received, unless the grant terms require the grant to be matched to specific expenditure, in which case the income is recognised to the extent of the equivalent expenditure during the year.



Notes To The Financial Statements – Statement of Principal Accounting Policies and Estimation Techniques

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

Maintenance of premises

The University has a ten-year rolling long-term maintenance plan, which forms the basis of the on-going maintenance of the estate. The cost of long term and routine corrective maintenance is charged to the income and expenditure account as incurred.

Foreign currency translation

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

Pension schemes

Retirement benefits for most employees of the University are provided by The Universities Superannuation Scheme (USS) and Aston University Pension Scheme (AUPS). These are defined benefit schemes which are externally funded and contracted out of the State Second Pension. The University also had one member in the Local Government Pension Scheme (LGPS) who retired in 2012-13. Until 2011-12, this scheme has been accounted for as a defined contribution scheme. In 2011-12 the University reviewed this policy, and decided to account for the scheme as a defined benefit scheme.

Contributions to USS are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll. Variations from regular costs are spread over the expected average remaining working lifetime of members of the schemes after making allowances for further withdrawals. The contributions are determined by qualified actuaries on the basis of triennial valuations using a prospective benefit method.

In accordance with FRS 17 Accounting for Retirement Benefits, the assets of AUPS are measured using market values for the current year. Liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Further details of the pension schemes are given in note 33.

Tangible fixed assets

Land and Buildings

Land and buildings are included in the Balance Sheet at valuation as at 1 August 1994, with subsequent additions at cost. The valuation was performed by Chartered Surveyors DTZ Debenham Thorpe on the basis of depreciated replacement cost for the main campus together with open market value for properties off-campus.



Notes To The Financial Statements – Statement of Principal Accounting Policies and Estimation Techniques

The total valuation at the time amounted to £52.8 million and the resulting £41.1 million excess over net book value was taken to the Revaluation Reserve. On disposal, any valuation surplus realised is transferred from the Revaluation Reserve to the Income and Expenditure account.

Land is not depreciated as it is considered to have an indefinite useful life. New buildings, including extensions, are depreciated over their expected useful lives of 40 years, major building renovation and conversion is depreciated over 20 years and general building improvements are depreciated over 10 years.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants in the Balance Sheet and released to income over the expected useful life of the buildings.

Finance costs which are directly attributable to the construction of land and buildings have been capitalised as part of the cost of those assets.

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

Buildings 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.

In accordance with FRS 15 the University has opted to take the one-off opportunity to freeze the valuations at the date of the implementation of FRS 15 for the first time.

Equipment

Equipment costing less than £10,000 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

| | |
|---|--------|
| Mainframe Computer Equipment and Software | 20% pa |
| Laboratory Equipment/Upgrading | 20% pa |
| Furniture and Fittings | 20% pa |
| Motor Vehicles and General Equipment | 25% pa |
| PC Computer Equipment/Software | 33% pa |

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to income and expenditure account over the expected useful economic life of the related equipment.



Notes To The Financial Statements – Statement of Principal Accounting Policies and Estimation Techniques

Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Leasing agreements that transfer to the University substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Heritage assets

The University does not hold any heritage assets. However in the event that these are acquired then assets costing or valued at over £10,000 would be capitalised at cost or value on acquisition, where such a valuation is reasonably obtainable. Other heritage assets would not be capitalised.

Intangible Assets

The University will capitalise intangible assets costing or valued at over £10,000 upon acquisition. Or, if internally developed, the intangible asset will be capitalised at its market value. They will then be depreciated on a systematic basis over their useful economic lives which will not exceed 20 years.

Investments

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Investment property is accounted for in accordance with SSAP 19 where the property is carried at open market value.

Investments that form part of Endowment Assets are included in the balance sheet at market value.

Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Taxation

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2012 (formerly schedule 2 of the Charities Act 1993) and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2011 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University 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 2011 (formerly section 505 Income and Corporation Taxes Act 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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



Notes To The Financial Statements – Statement of Principal Accounting Policies and Estimation Techniques

Taxation continued

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

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

Cash flow and liquid resources

Cash flows comprise increases or decrease in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand.

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities. They include any such assets held as endowments asset investments.

Provisions

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



Notes To The Financial Statements

2. Funding Council Grants (HEFCE)

| | 2014-15 £000 | 2013-14 £000 |
|--|-----------------|-----------------|
| Recurrent Grant | 14,201 | 17,526 |
| Specific Grants: | | |
| Higher Education Innovation Fund | 1,585 | 1,690 |
| Other | 1,566 | 357 |
| Sub-total | 17,352 | 19,573 |
| Deferred Capital Grants released in the year (note 20) | 1,576 | 2,148 |
| | <u>18,928</u> | <u>21,721</u> |

3. Academic Fees And Support Grants

| | 2014-15 £000 | 2013-14 £000 |
|---|-----------------|-----------------|
| Home and EU students | 51,386 | 44,491 |
| Overseas students | 22,227 | 24,751 |
| Other Tuition | 2,150 | 1,318 |
| Support grants including bench fees and CASE awards | 1,151 | 1,436 |
| | <u>76,914</u> | <u>71,996</u> |

4. Research Grants And Contracts

| | 2014-15 £000 | 2013-14 £000 |
|---|-----------------|-----------------|
| Research Councils and UK-based Charities | 4,589 | 3,666 |
| Other research grants and contracts | 8,689 | 8,638 |
| Sub-total | 13,278 | 12,304 |
| Research and Development Expenditure Credits | 944 | - |
| Deferred research equipment grants released in year | 214 | 230 |
| | <u>14,436</u> | <u>12,534</u> |



5. Other Operating Income

| | 2014-15 | 2013-14 |
|--------------------------------------|----------------|---------|
| | £000 | £000 |
| Residences, Catering and Conferences | 6,940 | 6,348 |
| Other revenue grant income | 1,052 | 1,283 |
| Sports and Recreation | 1,026 | 960 |
| Rent and hire of rooms | 752 | 890 |
| Other Services Rendered | 1,618 | 777 |
| ERASMUS grants | 763 | 668 |
| Income from exploitation of IPR | - | 527 |
| Deferred Capital Grant release | 461 | 418 |
| Nursery | 419 | 440 |
| Recovery of VAT | (382) | 335 |
| Departmental earnings | - | 67 |
| Other Income | 1,113 | 1,364 |
| | 13,762 | 14,077 |

The reason for the debit figure on VAT recovery is that the University has made a voluntary disclosure to HMRC which resulted in a repayment in excess of the annual partial exemption recovery.

6. Endowment Income And Interest Receivable

| | 2014-15 | 2013-14 |
|---|----------------|---------|
| | £000 | £000 |
| Income from expendable endowments (note 21) | 29 | 27 |
| Income from permanent endowments (note 21) | 19 | 27 |
| Net return on AUPS (note 33) | 708 | 268 |
| Other investment income and interest receivable | 78 | 282 |
| | 834 | 604 |



Notes To The Financial Statements

7. Staff

| | 2014-15 | 2013-14 |
|--|----------------|---------|
| | £000 | £000 |
| Costs of all wages and salaries: | | |
| Basic pay | 57,579 | 53,342 |
| Employer's Social Security | 4,615 | 4,399 |
| Employer's pension contributions including FRS 17 adjustment (note 33) | 12,046 | 12,178 |
| Total Pay Costs | 74,240 | 69,919 |

Emoluments of the Vice Chancellor Professor Dame Julia King

| | 2014-15 | 2013-14 |
|--|----------------|---------|
| | £000 | £000 |
| Salary in respect of the current year | 281 | 281 |
| Performance related pay in respect of the current year | 25 | 25 |
| Benefits in Kind | 1 | 1 |
| | 307 | 307 |

The Vice Chancellor was awarded a performance related payment of £25,000 in 2014-15 (2013-14: £25,000) of which £10,000 (2013-14: £12,000) was donated through salary sacrifice to fund scholarships. The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff below, i.e. excluding employer's social security and pension contributions and including benefits in kind. The Vice Chancellor ceased active membership of USS in April 2012 and therefore there were no employer contributions in 2014-15 or 2013-14. The University accrued contributions including interest of £50,797 (2013-14: £50,804) in respect of an unregistered, unfunded, retirement benefits scheme.



7. Staff Continued

Annualised remuneration of other Higher Paid Staff, excluding employer's Social Security and pension contributions:

| | 2014-15 | 2013-14 |
|---------------------|----------------|---------|
| | Number | Number |
| £100,000 - £109,999 | 5 | 11 |
| £110,000 - £119,999 | 9 | 5 |
| £120,000 - £129,999 | 3 | 2 |
| £130,000 - £139,999 | 4 | 3 |
| £140,000 - £149,999 | 1 | 2 |
| £150,000 - £159,999 | 2 | 1 |
| £160,000 - £169,999 | - | 1 |
| £170,000 - £179,999 | 1 | - |
| £190,000 - £199,999 | - | 1 |
| £210,000 - £219,999 | 1 | - |
| £250,000 - £259,999 | - | 1 |
| £270,000 - £279,999 | 1 | - |

Compensation for loss of office was paid to senior post holders as follows:

| | 2014-15 | 2013-14 |
|----------------------|----------------|---------|
| | £000 | £000 |
| Compensation payable | 161 | - |

The severance pay was in accordance with the Institution's remuneration committee policy.

The average number of staff employed, expressed as full-time equivalents and analysed over activity, is as follows:

| | 2014-15 | 2013-14 |
|----------------------------|---------------------|--------------|
| | Number | Number |
| Academic | 588 | 546 |
| Technical | 53 | 49 |
| Administrative | 375 | 364 |
| Clerical, manual and other | 431 | 421 |
| | <u>1,447</u> | <u>1,380</u> |

Note: The above excludes staff at Aston Students' Guild, which, in accordance with the Accounting Policies, is not consolidated with the University's Accounts.



Notes To The Financial Statements

8. Interest Payable

| | 2014-15 | 2013-14 |
|--|----------------|---------|
| | £000 | £000 |
| Interest payable on loans repayable in more than 5 years | 1,468 | 1,396 |
| | 1,468 | 1,396 |

9. Other Operating Expenses

| | 2014-15 | 2013-14 |
|---|----------------|---------|
| | £000 | £000 |
| Consumables, lab and other expenses in Academic Depts. | 8,228 | 8,770 |
| General Educational incl. non-pay costs of certain grants | 6,772 | 5,968 |
| Residences, Catering and Conferences | 2,880 | 6,359 |
| Maintenance of premises | 5,077 | 5,474 |
| Library, Information Systems and other Academic Services | 3,898 | 3,610 |
| Research Grants and contracts | 3,204 | 2,786 |
| Administrative and Central Services | 3,557 | 3,553 |
| Student and Staff facilities | 1,109 | 1,135 |
| Miscellaneous Expenditure | 1,777 | 1,593 |
| | 36,502 | 39,248 |

10. Analysis of Expenditure By Activity

| 2014-15 | Staff Costs £000 | Depr'n £000 | Operating Expenses £000 | TOTAL £000 |
|--|------------------------|----------------|-------------------------------|-----------------------|
| Academic Departments | 42,130 | 3,397 | 13,669 | 59,196 |
| Academic Services | 4,520 | 1,122 | 3,898 | 9,540 |
| Research Grants and Contracts | 7,015 | 226 | 3,204 | 10,445 |
| Residences, Catering and Conferences | 2,015 | 1,191 | 2,880 | 6,086 |
| Premises | 4,132 | 2,862 | 5,077 | 12,071 |
| Administration and Central Services | 13,598 | 759 | 5,429 | 19,786 |
| Other expenses | 1,026 | 106 | 2,345 | 3,476 |
| FRS17 | (196) | - | - | (196) |
| Total per Income and Expenditure Account | 74,240 | 9,663 | 36,502 | 120,404 |



10. Analysis of Expenditure By Activity Continued

The depreciation has been funded by:

| | |
|---|--------------|
| Deferred Capital Grant released (note 20) | 2,251 |
| Revaluation Reserve released (note 22) | 215 |
| General Income | 7,197 |
| | <u>9,663</u> |

| 2013-14 | Staff Costs £000 | Depr'n £000 | Restated Operating Expenses £000 | TOTAL £000 |
|--|------------------------|----------------|---|-----------------------|
| Academic Departments | 38,521 | 3,544 | 14,738 | 56,803 |
| Academic Services | 3,818 | 1,188 | 3,610 | 8,616 |
| Research Grants and Contracts | 6,480 | 189 | 2,786 | 9,455 |
| Residences, Catering and Conferences | 2,171 | 671 | 6,359 | 9,201 |
| Premises | 3,940 | 694 | 5,474 | 10,108 |
| Administration and Central Services | 12,624 | 1,510 | 4,688 | 18,822 |
| Other expenses | 2,645 | - | 1,593 | 4,238 |
| FRS17 | (280) | - | - | (280) |
| Total per Income and Expenditure Account | <u>69,919</u> | <u>7,796</u> | <u>39,248</u> | <u>116,963</u> |

The depreciation has been funded by

| | |
|---|--------------|
| Deferred Capital Grant released (note 20) | 2,796 |
| Revaluation Reserve released (note 22) | 490 |
| General Income | 4,510 |
| | <u>7,796</u> |

11. Exceptional Items

| GROUP AND UNIVERSITY | 2014-15 £000 | 2013-14 £000 |
|--|-------------------------|-------------------|
| Proceeds on disposal | 7,500 | - |
| Net assets on disposal | (1,242) | (411) |
| Costs of disposal | (260) | (103) |
| Release of deferred rental premium ASV | - | 850 |
| Net gain/(loss) on disposal | <u>5,998</u> | <u>336</u> |
| Impairment due to expected demolition | (2,661) | - |
| Losses on Optimus Energy | - | (191) |
| | <u>3,337</u> | <u>145</u> |



Notes To The Financial Statements

11. Exceptional Items Continued

During 2014/15 the University concluded negotiations for the granting of the head lease on Phase 2 of development with the independent student accommodation vehicle, Aston Student Villages Ltd, resulting in a net gain on disposal of £5.998m.

The University intends to demolish buildings which it owns bordering the A38, and has recognised this decision as an impairment (see note 26). This decision was minuted at Finance Committee on 19th November 2015.

12. Taxation

GROUP AND UNIVERSITY

The tax charge for the year arises mainly from the claim for Research and Development Expenditure Credits (RDEC).

| | 2015 | 2014 |
|--|-------------|------|
| | £000 | £000 |
| Current Tax | | |
| UK Corporation tax of 20.67% (2014: 22.33%) on surplus/ (deficit) for the year | 214 | - |
| Tax paid in year | 214 | - |

Factors affecting the tax charge:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2015 | 2014 |
|---|--------------|-------|
| | £000 | £000 |
| Surplus before taxation | 3,001 | 2,573 |
| Surplus multiplied by the standard rate of corporation tax in the UK of 20.67% (2014: 22.33%) | 620 | 575 |
| Deficit falling within charitable exemption | (406) | (575) |
| Current tax charge | 214 | - |



13. Fixed Assets

| GROUP | Land and Buildings | | Equipment | | Total |
|---------------------------------------|--------------------|-----------------------------|---------------|---------------------|----------------|
| | Freehold | Construction in progress | Equipment | Work in progress | |
| | £000 | £000 | £000 | £000 | |
| <u>Valuation / Cost</u> | | | | | |
| At 1 August 2014 | 155,310 | 3,561 | 50,114 | 232 | 209,217 |
| Transfers | 4,361 | (4,345) | 3,264 | (3,280) | - |
| Additions at cost | - | 4,625 | 42 | 3,525 | 8,192 |
| Disposals | (3,902) | - | (8) | - | (3,910) |
| At 31 July 2015 | 155,769 | 3,841 | 53,412 | 477 | 213,499 |
| <u>Depreciation</u> | | | | | |
| At 1 August 2014 | 45,047 | - | 37,967 | - | 83,014 |
| Transfers | - | - | - | - | - |
| Disposals | - | - | (8) | - | (8) |
| Charge for year | 6,562 | - | 3,101 | - | 9,663 |
| At 31 July 2015 | 51,609 | - | 41,060 | - | 92,669 |
| Net Book Value at 31 July 2015 | 104,160 | 3,841 | 12,352 | 477 | 120,830 |
| Net Book Value at 31 July 2014 | 110,263 | 3,561 | 12,147 | 232 | 126,203 |

| UNIVERSITY | Land and Buildings | | Equipment | | Total |
|---------------------------------------|--------------------|-----------------------------|---------------|---------------------|----------------|
| | Freehold | Construction in progress | Equipment | Work in Progress | |
| | £000 | £000 | £000 | £000 | |
| <u>Valuation / Cost</u> | | | | | |
| At 1 August 2014 | 154,847 | 3,556 | 49,840 | 232 | 208,475 |
| Transfers | 4,361 | (4,345) | 3,264 | (3,280) | - |
| Additions at cost | - | 4,630 | 42 | 3,525 | 8,197 |
| Disposals | (1,242) | - | (8) | - | (1,250) |
| At 31 July 2015 | 157,966 | 3,841 | 53,138 | 477 | 215,422 |
| <u>Depreciation</u> | | | | | |
| At 1 August 2014 | 44,879 | - | 37,833 | - | 82,712 |
| Transfers | - | - | - | - | - |
| Disposals | - | - | (8) | - | (8) |
| Charge for year | 9,176 | - | 3,052 | - | 12,229 |
| At 31 July 2015 | 54,055 | - | 40,877 | - | 94,933 |
| Net Book Value at 31 July 2015 | 103,911 | 3,841 | 12,261 | 477 | 120,490 |
| Net Book Value at 31 July 2014 | 109,968 | 3,556 | 12,007 | 232 | 125,763 |



Notes To The Financial Statements

14. Investment In Subsidiaries/Minority Interests

The University owns all of the issued share capital of the following subsidiary companies, all of which are registered in England and Wales.

| | Cost | Amount provided | 2014-15 Net Investment | Cost | Amount provided | 2013-14 Net Investment |
|----------------------|------------------|--------------------|------------------------------|------------------|--------------------|------------------------------|
| | £ | £ | £ | £ | £ | £ |
| Conference Aston Ltd | 1,740,100 | (1,533,199) | 206,901 | 1,740,100 | (1,533,199) | 206,901 |
| Other subsidiaries | 4 | - | 4 | 4 | - | 4 |
| | <u>1,740,104</u> | <u>(1,533,199)</u> | <u>206,905</u> | <u>1,740,104</u> | <u>(1,533,199)</u> | <u>206,905</u> |

These are consolidated as explained in Accounting Policy Basis of consolidation.

The principal activities of the subsidiaries are as follows:

| | |
|---|-------------------------------------|
| Aston Student Limited (previously named Aston Oats Ltd) | Dormant |
| Aston University Consulting Limited | Dormant |
| Conference Aston Limited | Management of conference activities |
| EBRI (UK) Ltd | Dormant |
| Optimus Energy Ltd | Commercialisation of EBRI |



14. Investment In Subsidiaries/Minority Interests Continued

The University and Group also have minority interests in the following companies:

| | 2014-15 | | | 2013-14 | | |
|---|----------------|--|------------------------|----------------|--|------------------------|
| | Cost £ | Amount (provided)/ invested £ | Net Investment £ | Cost £ | Amount (provided)/ invested £ | Net Investment £ |
| Advantage Growth Fund | 24,920 | - | 24,920 | 119,988 | (95,068) | 24,920 |
| Aston Business Assessments | 1 | - | 1 | 1 | - | 1 |
| Aston Eye Tech Ltd | 32,500 | - | 32,500 | 32,500 | - | 32,500 |
| C V C P Head Office | 31,539 | - | 31,539 | 31,539 | - | 31,539 |
| Dr Pepper Schnapple | 204,909 | (204,909) | - | 35 | 204,874 | 204,909 |
| H2O Incubator Ten Ltd | - | - | - | 18 | (18) | - |
| OSI Pharmaceuticals | 37,840 | (37,840) | - | 10 | 37,830 | 37,840 |
| Protomax | - | - | - | 80 | (80) | - |
| Sapere Systems Ltd | 18 | - | 18 | - | 18 | 18 |
| Tiziana Life Sciences | 7,146 | 17,279 | 24,425 | 320 | 6,826 | 7,146 |
| Mercia Fund 1 | 25,000 | (25,000) | - | 16,667 | 8,333 | 25,000 |
| Mercia Fund 2 | 50,000 | (50,000) | - | 50,000 | - | 50,000 |
| Mercia Technologies PLC | - | 44,321 | 44,321 | - | - | - |
| | <u>413,873</u> | <u>(256,149)</u> | <u>157,724</u> | <u>251,158</u> | <u>162,715</u> | <u>413,873</u> |
| Investment in Subsidiaries | | | <u>206,905</u> | | | <u>206,905</u> |
| Investment in Subsidiaries and Minority interests | | | <u>364,629</u> | | | <u>620,778</u> |



Notes To The Financial Statements

15. Endowment Asset Investments

| GROUP AND UNIVERSITY | 2014-15 £000 | 2013-14 £000 |
|---|-----------------|-----------------|
| Balance at 1 August | 2,221 | 1,886 |
| Additions | 1,319 | 435 |
| Change in market value | 73 | 36 |
| Decrease in short term deposits | (654) | (136) |
| Balance at 31 July | <u>2,959</u> | <u>2,221</u> |
| Represented by: | | |
| Cash invested in Santander | 1,921 | 1,203 |
| Cash held within University general funds | 31 | 87 |
| Cash held in James Watt Current Account | 15 | 12 |
| Subtotal Cash | <u>1,967</u> | <u>1,302</u> |
| Charities Official Investment Fund | 751 | 695 |
| Hermes Property Unit Trusts | 141 | 125 |
| M&G investments (James Watt) | 100 | 99 |
| | <u>2,959</u> | <u>2,221</u> |

16. Debtors

| | GROUP | | UNIVERSITY | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2014-15 £000 | 2013-14 £000 | 2014-15 £000 | 2013-14 £000 |
| Trade Debtors | 3,805 | 3,672 | 2,795 | 2,746 |
| Research grants and contracts | 2,190 | 3,120 | 2,190 | 3,120 |
| Due from subsidiaries | - | - | 759 | 227 |
| Other debtors and prepayments | 5,264 | 3,301 | 5,206 | 3,146 |
| | <u>11,259</u> | <u>10,093</u> | <u>10,950</u> | <u>9,239</u> |



17. Creditors: Amount Falling Due Within One Year

| | GROUP | | UNIVERSITY | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2014-15 £000 | 2013-14 £000 | 2014-15 £000 | 2013-14 £000 |
| Research grants and contracts received in advance | 5,692 | 5,143 | 5,692 | 5,143 |
| Trade creditors and accruals | 15,145 | 18,012 | 14,362 | 17,074 |
| Bank loans | 1,045 | 1,017 | 1,045 | 1,017 |
| Pension Fund Deficit | 379 | 364 | 379 | 364 |
| Due to subsidiaries | - | - | - | 536 |
| Finance Leases | 245 | 133 | 245 | 133 |
| | <u>22,506</u> | <u>24,669</u> | <u>21,723</u> | <u>24,267</u> |



Notes To The Financial Statements

18. Creditors: Amount Falling Due After More Than One Year

| GROUP AND UNIVERSITY | 2014-15 | 2013-14 |
|--|----------------------|----------------------|
| | £000 | £000 |
| Long term loans with repayments due: | | |
| Between 1 and 2 years | 1,077 | 1,017 |
| Between 2 and 5 years | 4,150 | 3,232 |
| After 5 years | <u>33,601</u> | <u>30,623</u> |
| | <u>38,828</u> | <u>34,872</u> |
| Pension Fund creditor with repayment due | | |
| Between 1 and 2 years | 394 | 364 |
| Between 2 and 5 years | <u>835</u> | <u>1,244</u> |
| | <u>1,229</u> | <u>1,608</u> |
| Cheques | | |
| Between 1 and 2 years | <u>23</u> | <u>-</u> |
| | <u>23</u> | <u>-</u> |
| Land Purchase with repayment due | | |
| Between 1 and 2 years | 490 | - |
| Between 2 and 5 years | <u>-</u> | <u>490</u> |
| | <u>490</u> | <u>490</u> |
| Creditors due after more than one year | <u>40,570</u> | <u>36,970</u> |
| Finance Lease with repayment due | | |
| Between 1 and 2 years | 244 | 133 |
| Between 2 and 5 years | <u>299</u> | <u>133</u> |
| | <u>543</u> | <u>266</u> |

The long-term loan comprises two loans. One is a term loan of £40 million with rates of interest negotiated at the time of draw down. This loan is payable in quarterly instalments from 2008 to 2037 and is secured on a building of the University. The weighted average interest rate for this loan is 3.75% p.a. In addition the University took on a new loan from the European Investment Bank in April 2015 to invest in capital infrastructure. Repayments have not yet started on this loan as there is a repayment holiday of 3 years but when they do, payments will be in November and May every year. The interest rate for this loan is 3.021%.



The University has an arrangement with the West Midlands Pension Fund to repay a deficit arising on leaving the scheme over a period of 6 years, ending in April 2019.

The University has reviewed its procedures in relation to cheque writeoffs alongside introducing a policy to no longer issues cheques. This long term creditor represents cheques issued up to seven years ago but we intend to take action to repay or write off the creditor during the next two years.

In February 2014 the University purchased the land at Fisher Triangle from Birmingham City Council having previously held a leasehold interest over the land. The Council retains a charge over the property until March 2017 when the University will pay a further sum of £490,000 to the Council.

19. Provisions For Liabilities And Charges

| GROUP | At 1 Aug | Utilised in | Increase in | At 31 July |
|----------------------------|------------|--------------|-------------|------------|
| | 2014 | year | Provision | 2015 |
| | £000 | £000 | £000 | £000 |
| Potential Tax Liabilities | 516 | (516) | - | - |
| Supplementary pensions | 281 | (112) | 57 | 226 |
| Property related provision | 10 | (15) | 10 | 5 |
| | <u>807</u> | <u>(643)</u> | <u>67</u> | <u>231</u> |

| UNIVERSITY | At 1 Aug | Utilised in | Increase in | At 31 July |
|----------------------------|------------|--------------|-------------|------------|
| | 2014 | year | Provision | 2015 |
| | £000 | £000 | £000 | £000 |
| Supplementary pensions | 281 | (112) | 57 | 226 |
| Property related provision | 10 | (15) | 10 | 5 |
| | <u>291</u> | <u>(127)</u> | <u>67</u> | <u>231</u> |

The LGPS is now closed to University active members. Upon closure, the full deficit value became due and a payment schedule has been agreed over 6 years until 31 March 2020 which is now shown in creditors in notes 17 and 18.



Notes To The Financial Statements

20. Deferred Capital Grants

| GROUP AND UNIVERSITY | 2014-15 | | | 2013-14 | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| | HEFCE £000 | Other £000 | Total £000 | HEFCE £000 | Other £000 | Total £000 |
| At 1 August | 11,818 | 10,032 | 21,850 | 13,308 | 9,761 | 23,069 |
| Grants receivable | 1,146 | 277 | 1,423 | 658 | 791 | 1,449 |
| Grants received from Donations | - | 100 | 100 | - | 128 | 128 |
| Released to Income and Expenditure (notes 2,4 and 5) | (1,576) | (675) | (2,251) | (2,148) | (648) | (2,796) |
| At 31 July | <u>11,388</u> | <u>9,734</u> | <u>21,122</u> | <u>11,818</u> | <u>10,032</u> | <u>21,850</u> |

21. Endowments

| GROUP AND UNIVERSITY | Restricted Permanent £000 | Restricted Expendable £000 | Total 2014/15 £000 | Total 2013/14 £000 |
|---|---------------------------------|----------------------------------|--------------------------|--------------------------|
| | At 1 August | 1,112 | 1,109 | 2,221 |
| Capital | 979 | 1,059 | 2,038 | 1,567 |
| Accumulated income | 133 | 50 | 183 | 319 |
| New Endowments | 1 | 1,318 | 1,319 | 435 |
| Investment Income | 19 | 29 | 48 | 54 |
| Transfers | (45) | 45 | - | - |
| Expenditure | (2) | (700) | (702) | (190) |
| Increase in market value of investments | 25 | 48 | 73 | 36 |
| At 31 July | <u>1,110</u> | <u>1,849</u> | <u>2,959</u> | <u>2,221</u> |
| Represented by: | | | | |
| Capital | 895 | 1,649 | 2,544 | 2,037 |
| Accumulated income | 215 | 200 | 415 | 184 |
| | <u>1,110</u> | <u>1,849</u> | <u>2,959</u> | <u>2,221</u> |



22. Revaluation Reserve

| GROUP AND UNIVERSITY | 2014-15 | 2013-14 |
|-----------------------------------|----------------|----------------|
| | £000 | £000 |
| At 1 August | 12,934 | 13,424 |
| Released in year (note 10) | (215) | (490) |
| Released in relation to disposals | (1,242) | - |
| At 31 July | 11,477 | 12,934 |

23. General Reserves

| GROUP | At 1 August 2014 | Surplus after dep'n of assets at valuation | Release/ disposal from Reval'n Reserve (note 22) | Transfer from Pension Reserve | At 31 July 2015 |
|------------------|------------------------|--|---|--|-------------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Revenue Reserves | 31,215 | 6,503 | 1,457 | (904) | 38,271 |
| Capital Reserve | 23,003 | - | - | - | 23,003 |
| | <u>54,218</u> | <u>6,503</u> | <u>1,457</u> | <u>(904)</u> | <u>61,274</u> |

| UNIVERSITY | At 1 August 2014 | Surplus after dep'n of assets at valuation | Release/ disposal from Reval'n Reserve (note 22) | Transfer from Pension Reserve | At 31 July 2015 |
|-------------------|------------------------|--|---|--|-------------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Revenue Reserves | 30,750 | 6,905 | 1,457 | (904) | 38,208 |
| Capital Reserve | 22,698 | - | - | - | 22,698 |
| | <u>53,448</u> | <u>6,905</u> | <u>1,457</u> | <u>(904)</u> | <u>60,906</u> |



Notes To The Financial Statements

23. General Reserves Continued

| GROUP AND UNIVERSITY | At 1 August 2014 £000 | FRS 17 move't I&E £000 | Actuarial Gain AUPS £000 | Transfer from Escrow Reserve £000 | At 31 July 2015 £000 |
|---------------------------------|--|---|---|--|---|
| Pension Reserve | <u>(946)</u> | <u>904</u> | <u>(811)</u> | <u>-</u> | <u>(853)</u> |

24. Lease Obligations

There is an annual obligation of £114,720 for 2014-15 (2013-14: £272,443) under an operating lease for residential accommodation to be used for conferencing activity during the summer vacation period. Photocopying leasing commitments of £70,300 are due to expire within one year, with £34,649 due to expire within two to five years. There is a finance lease for IT Network Infrastructure with £244,775 due within one year and £542,815 due within two to five years. Other lease commitments payable within one year are £4,419.

25. Capital Commitments And Contingent Liabilities

At the year end, capital commitments for items authorised and contracted for but not yet received by the University amounted to £5,999,534 (2013-14: £2,390,066).

The University has a Section 278 Highways Act 1980 bond with Birmingham City Council for £31,282. This bond relates to the carrying out of works to Aston Street, Birmingham. In the event that the University fail to meet the terms of the Section 278 agreement the bond will be paid to Birmingham City Council.

A contingent liability exists in relation to the USS pension valuation recovery plan, since the institution is an employer of member within the scheme. The contingent liability relates to the amount generated by past service or current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the institution is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the Company's expenditure is similarly not recognised.



26. Events After The Reporting Period

The University intends to demolish buildings which it owns bordering the A38, and has recognised this decision, minuted at Finance Committee on 19th November 2015, as an impairment in 2014/15. This has been done in order to ensure that the assets, which are in poor condition and contain asbestos, are not overvalued as at the closing balance sheet date. The value of the impairment has been based on an independent valuation performed by GVA Grimleys as at 31 July 2015.

27. Related Party Transactions

Due to the nature of the University's operations and the members of Council being drawn from local, public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of Council or a member of the senior management team may have an interest.

All such transactions, including those identified below, are conducted at arm's length and in accordance with the University's Financial Regulations and normal procurement procedures.

The University has taken advantage of the exemption within FRS 8 (Related Party Disclosures) and has not disclosed transactions with subsidiaries that are wholly owned.

Related parties were identified by examining returns submitted by members of Council and senior management team members for the financial year 2014-15, as well as performing an online check via Creditsafe.

These financial statements include the following transactions with related parties. No information has been listed for organisations where the income and expenditure is less than £200,000 in the financial year.

| | Income Transactions £000 | Expenditure Transactions £000 | Balance due to / (from) the University £000 |
|------------------------|---|--|--|
| Aston Student Villages | 2,109 | - | 13 |
| Aston Students Guild | 37 | 592 | 10 |
| Barclays Bank PLC | - | 602 | - |
| Capgemini UK PLC | 478 | - | 90 |

Aston Student Villages

One member of Council is a Trustee.

Aston Students Guild

Two members of Council are Trustees.

Barclays Bank PLC

One member of Council is a non-executive Director.

Capgemini UK PLC

One member of Council is an employee.



Notes To The Financial Statements

28. Reconciliation Of Operating Surplus To Net Cash From Operating Activities

| | 2014-15 £000 | 2013-14 £000 |
|--|-----------------|-----------------|
| Surplus after depreciation of assets | 6,124 | 2,718 |
| Depreciation (note 13) | 9,663 | 7,796 |
| Deferred Capital Grants released to income (notes 2, 4 and 5) | (2,251) | (2,796) |
| Investment income (note 6) | (126) | (282) |
| Interest payable (note 8) | 1,468 | 1,396 |
| Decrease / (Increase) in Stocks | 11 | (5) |
| (Increase)/Decrease in Debtors | (1,166) | 741 |
| Decrease in Creditors | (3,344) | (198) |
| (Decrease) / Increase in Provisions | (575) | 600 |
| Exceptional Items (note 11) | (3,337) | (145) |
| Difference between pension charge and cash contributions (note 33) | (904) | (548) |
| Net Cash Inflow from Operating Activities | <u>5,563</u> | <u>9,277</u> |

29. Returns On Investments And Servicing Of Finance

| | 2014-15 £000 | 2013-14 £000 |
|-------------------------------------|-----------------|-----------------|
| Income from Endowments (note 21) | 48 | 54 |
| Income from Donations | 87 | 27 |
| Endowment cash held in current cash | (31) | - |
| Income from Short Term Investments | 17 | 76 |
| Interest paid (note 8) | (1,468) | (1,396) |
| | <u>(1,347)</u> | <u>(1,239)</u> |



30. Capital Expenditure And Financial Investment

| | 2014-15 £000 | 2013-14 £000 |
|--|-----------------|-----------------|
| Payments to acquire Fixed Assets | (6,261) | (15,088) |
| Endowments Received | 690 | 25 |
| Fixed Asset Investments | 282 | (215) |
| Receipts from sales of Tangible Fixed Assets (net of disposal costs) | 7,240 | - |
| Deferred Capital Grants received (note 20) | 1,523 | 1,434 |
| | <u>3,474</u> | <u>(13,844)</u> |

31. Financing

| | 2014-15 £000 | 2013-14 £000 |
|--|-----------------|-----------------|
| New secured loans | 5,000 | - |
| Repayments of amounts borrowed | (1,016) | (977) |
| Capital element of finance lease rental payments | (312) | (133) |
| | <u>3,672</u> | <u>(1,110)</u> |

32. Analysis Of Changes In Net Funds

| | At 1 Aug 2014 £000 | Cash Flows £000 | Non Cash Flows £000 | At 31 July 2015 £000 |
|----------------------------------|--------------------------|--------------------|---------------------------|----------------------------|
| Cash at Bank and in Hand | 14,972 | 10,483 | - | 25,455 |
| Endowment Cash Assets (note 15) | 1,302 | 665 | - | 1,967 |
| Sub-total | <u>16,274</u> | <u>11,148</u> | <u>-</u> | <u>27,422</u> |
| Long-term loan (notes 17 and 18) | (35,888) | (3,984) | - | (39,872) |
| Finance lease (notes 17 and 18) | (399) | 312 | (700) | (787) |
| Total | <u>(20,013)</u> | <u>7,476</u> | <u>(700)</u> | <u>(13,237)</u> |



Notes To The Financial Statements

33. Pension Schemes

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the Aston University Pension Scheme (AUPS). USS provides benefits based on final pensionable salary for academic and academic-related employees of all UK universities and other employees. AUPS provides similarly calculated benefits for other staff of the University. Whilst all of these schemes are defined benefit schemes, for the reasons explained below USS is accounted for as if it were a defined contribution scheme. For the other schemes FRS17 requires the deficit in the scheme to be reflected in the accounts and the movements in the deficit to be reflected partly as a pension cost in the Income and Expenditure account and partly in the Statement of Total Recognised Gains and Losses.

The total pension cost for the University was:

| | 2014-15 £000 | 2013-14 £000 |
|--|-------------------------------|-------------------------------|
| Contributions to USS | 10,055 | 9,347 |
| Contributions to AUPS including FRS 17 adjustment | 1,962 | 2,019 |
| Contributions to LGPS in relation to closed scheme | 9 | 676 |
| Enhanced Pension Provisions | (91) | 65 |
| NEST and other Pension contributions | 111 | 71 |
| Total Pension Cost | 12,046 | 12,178 |

These amounts include contributions due but not paid at the yearend as follows:

| | 2014-15 £000 | 2013-14 £000 |
|------|-------------------------------|-------------------------------|
| USS | - | 13 |
| AUPS | 160 | 155 |
| | 160 | 168 |

Summary of FRS 17 Liabilities

Analysis of the amount shown in the balance sheet:

| | AUPS £000 |
|--|----------------------------|
| Total market value of assets | 81,540 |
| Present value of scheme liabilities | (82,393) |
| Deficit in the scheme - Net pension liability | (853) |



33. Pension Schemes Continued

USS

The institution participates in the Universities Superannuation Scheme Limited (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund, Universities Superannuation Scheme Limited. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the institutions employees. In 2015, the percentage was 16% (2014: 16%). The institution is therefore exposed to actuarial risks associated with other institution's employees and 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 in respect of the accounting period.

There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 01 April 2016.

The 2014 Valuation was the third valuation for USS under the scheme - specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS17 liability numbers have been produced using the following assumptions:

| | 2015 | 2014 |
|---------------------------|--|-------------|
| Discount Rate | 3.3% | 4.5% |
| Pensionable salary growth | 3.5% in the first year and 4.0% thereafter | 4.4% |
| Price inflation (CPI) | 2.2% | 2.6% |

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

| | |
|---------------------------|-------------------|
| Male members' mortality | no age rating |
| Female members' mortality | rated down 1 year |



Notes To The Financial Statements

33. Pension Schemes Continued

The use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

| | | |
|---------------------------------|-------------|-------------|
| | 2015 | 2014 |
| Males currently aged 65 years | 24.2 | 23.7 |
| Females currently aged 65 years | 26.3 | 25.6 |
| Males currently ages 45 years | 26.2 | 25.5 |
| Females currently aged 45 years | 28.6 | 27.6 |
| Existing benefits | 2015 | 2014 |
| Scheme assets | £49.0bn | £41.6bn |
| FRS 17 liabilities | £67.6bn | £55.5bn |
| FRS17 deficit | £18.6bn | £13.9bn |
| FRS17 funding level | 72% | 75% |

AUPS

The assets of the Scheme are held in a separate trustee-administered fund. The Scheme is a defined benefit scheme which is funded and valued every three years by the actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. A full actuarial valuation was carried out at 1 April 2013 and was updated for FRS 17 purposes by a qualified independent actuary. The material assumptions and other data used by the actuary were:

| | | | |
|---|----------------|----------------|----------------|
| | 2014-15 | 2013-14 | 2012-13 |
| Salary scale increases per annum | 2.8% | 2.8% | 3.8% |
| Pension increases per annum (post 1.9.90 joiners) | 3.2% | 3.2% | 3.3% |
| Pension increases per annum (pre 1.9.90 joiners) | 3.7% | 3.7% | 3.6% |
| Discount rate | 3.6% | 4.1% | 4.5% |
| Price inflation | 3.3% | 3.3% | 3.3% |

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The FRS 17 valuation has used RPI as the inflationary index to calculate scheme liabilities for current members and used CPI in respect of deferred members.



33. Pension Schemes Continued

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

| | 2014-15 | 2013-14 |
|----------------------|---------|---------|
| Retiring today | | |
| Males | 20.1 | 20.0 |
| Females | 23.0 | 22.8 |
| Retiring in 20 years | | |
| Males | 21.3 | 21.2 |
| Females | 24.4 | 24.3 |

The scheme assets and the assumptions on investment returns were:

| | Expect. long term rate of return % | Value at 31 July 2015 £000 | Expect. long term rate of return % | Value at 31 July 2014 £000 | Expect. long term rate of return % | Value at 31 July 2013 £000 |
|-------------------------------|---|--|---|-------------------------------------|---|-------------------------------------|
| Equities | 3.6% | 41,176 | 6.65% | 45,820 | 6.60% | 43,556 |
| Fixed interest gilts and cash | 3.6% | 20,523 | 3.05% | 8,816 | 3.40% | 8,148 |
| Property | 3.6% | 6,995 | 4.65% | 5,966 | 4.60% | 5,140 |
| Cash | 3.6% | 834 | 3.55% | 2,435 | 3.40% | 402 |
| Corporate and int'l bonds | 3.6% | 11,997 | 4.10% | 8,789 | 4.20% | 7,839 |
| Other | 3.6% | 15 | 3.55% | 17 | 3.40% | 43 |
| | | <u>81,540</u> | | <u>71,843</u> | | <u>65,128</u> |

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

Analysis of the amount shown in the balance sheet

| | 2014-15 £000 | 2013-14 £000 | 2012-13 £000 | 2011-12 £000 | 2010-11 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total market value of assets | 81,540 | 71,843 | 65,128 | 55,411 | 54,824 |
| Present value of scheme liabilities | <u>82,393</u> | <u>72,789</u> | <u>66,211</u> | <u>61,182</u> | <u>58,199</u> |
| Deficit in the scheme - Net pension liability | <u>(853)</u> | <u>(946)</u> | <u>(1,083)</u> | <u>(5,771)</u> | <u>(3,375)</u> |



Notes To The Financial Statements

33. Pension Schemes Continued

Analysis of the amount charged to staff costs within the operating surplus

| | 2014-15 £000 | 2013-14 £000 |
|------------------------|-------------------------------|-----------------|
| Service cost | 2,020 | 1,746 |
| Past service cost | - | - |
| Total operating charge | <u>2,020</u> | <u>1,746</u> |

Analysis of the amount that is credited to other finance income / (charged to interest payable)

| | 2014-15 £000 | 2013-14 £000 |
|--|-------------------------------|-----------------|
| Expected return on pension scheme assets | 3,694 | 3,249 |
| Interest on pension scheme liabilities | <u>(2,986)</u> | <u>(2,981)</u> |
| Net credit | <u>708</u> | <u>268</u> |

Analysis of the amount recognised in the statement of total recognised gains and losses (STRGL)

| | 2014-15 £000 | 2013-14 £000 |
|--|-------------------------------|-----------------|
| Actuarial gains on scheme assets | 5,734 | 1,771 |
| Actuarial losses on scheme liabilities | <u>(6,545)</u> | <u>(3,528)</u> |
| Net loss recognised in the STRGL | <u>(811)</u> | <u>(1,757)</u> |

Analysis of the movement in the present value of the scheme liabilities

| | 2014-15 £000 | 2013-14 £000 |
|--------------------------------------|-------------------------------|-----------------|
| At the beginning of the year | 72,789 | 66,211 |
| Current service cost | 2,020 | 1,746 |
| Interest cost | 2,986 | 2,981 |
| Contributions by scheme participants | 18 | 19 |
| Actuarial losses | 6,545 | 3,528 |
| Benefits paid | <u>(1,966)</u> | <u>(1,696)</u> |
| At end of year | <u>82,392</u> | <u>72,789</u> |



33. Pension Schemes Continued

Analysis of the movement in the present value of the scheme assets

| | 2014-15 £000 | 2013-14 £000 |
|--|-----------------|-----------------|
| At the beginning of the year | 71,843 | 65,128 |
| Expected rate of return on scheme assets | 3,694 | 3,248 |
| Contributions by the employer | 2,217 | 3,373 |
| Contributions by scheme participants | 18 | 19 |
| Actual return on assets less expected return on assets | 5,734 | 1,771 |
| Benefits paid | (1,966) | (1,696) |
| At end of year | <u>81,540</u> | <u>71,843</u> |

History of experience gains or losses

| Actual return less expected return on scheme assets | 2014-15 £000 | 2013-14 £000 | 2012-13 £000 | 2011-12 £000 | 2010-11 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Amount | <u>5,734</u> | <u>1,771</u> | <u>7,007</u> | <u>(2,270)</u> | <u>2,458</u> |
| % of scheme assets | <u>7.0%</u> | <u>2.5%</u> | <u>10.8%</u> | <u>(4.1)%</u> | <u>4.5%</u> |
| Experience gains and losses on scheme liabilities | 2014-15 £000 | 2013-14 £000 | 2012-13 £000 | 2011-12 £000 | 2010-11 £000 |
| Amount | <u>(117)</u> | <u>(112)</u> | <u>(64)</u> | <u>(87)</u> | <u>1,141</u> |
| % of scheme liabilities | <u>(0.1%)</u> | <u>(0.2%)</u> | <u>(0.1%)</u> | <u>(0.1)%</u> | <u>2.0%</u> |
| Total amounts recognised in statement of total recognised gains and losses | 2014-15 £000 | 2013-14 £000 | 2012-13 £000 | 2011-12 £000 | 2010-11 £000 |
| Amount | <u>(811)</u> | <u>(1,757)</u> | <u>4,489</u> | <u>(2,482)</u> | <u>2,825</u> |
| % of scheme liabilities | <u>(1.0%)</u> | <u>(2.4%)</u> | <u>7%</u> | <u>(4%)</u> | <u>5%</u> |

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses is a loss of £3,800,000 (2013-14: £2,989,000 loss).

The University expects to contribute £2,294,000 to the Aston University Pension Scheme in 2015-16.



33. Pension Schemes Continued

NEST

From 1 August 2013, the University has been required to automatically enrol its workers into a workplace pension scheme if they meet certain qualifying criteria, and are not members of any other scheme. Auto-enrolment does not replace the existing arrangements for contractual enrolment into AUPS/USS for regular employees. However auto-enrolment does apply to regular employees that have opted out of AUPS or USS, or who may opt out in the future, USS pensioners and casual workers. The University has chosen to offer NEST (the National Employment Savings Trust) as its workplace pension scheme for its casual workers.

34. Fees Paid To External Auditor

Fees paid to the University's external auditor for the provision of audit services amounted to £33,600 for the University and £4,300 for its subsidiary companies (2013-14: £32,900 for the University and £4,840 for its subsidiary companies). Fees to the auditors for the provision of non-audit services amounted to £113,189 for the University and £16,320 for the subsidiary companies (2013-14: £86,452 for the University and £4,250 for the subsidiary companies). Non-audit services comprise advice on corporate structures, taxation matters including the preparation of the first Research and Development Credit claim, and the audit of capital and revenue grants.





Aston University
Birmingham
West Midlands
B4 7ET
www.aston.ac.uk



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