Aston University
Birmingham

Annual Accounts
2009-2010

ASTON UNIVERSITY

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ASTON UNIVERSITY

THE COUNCIL MEMBERSHIP DURING 2009-2010

Ex-officio

Sir Michael Bett, CBE	-	The Chancellor
Dr P Golby	-	The Pro-Chancellor (Chairman)
Professor J E King, CBE	-	The Vice-Chancellor
Professor G J Hooley	-	Senior Pro-Vice-Chancellor
Professor R F Berry	-	Executive Dean and Head of School
Professor M Griffin	-	Executive Dean and Head of School (*until 30th November 2009*)
Professor H R Griffiths	-	Executive Dean and Head of School (*from 1st December 2009*)
Professor P M Moores, OBE	-	Executive Dean and Head of School
Professor M A West	-	Executive Dean and Head of School
Mr R H Middleton	-	Secretary-Registrar (Chief Operating Officer) (*until 28th February 2010*)
Mrs A M MacKinlay	-	Secretary-Registrar (Director of Staff and Student Services) (*from 1st March 2010*)
Mr R D Border	-	Interim Director of Finance and Business Services (*until 1st November 2009*)
Mr A Hewgill	-	Chief Financial Officer (*from 2nd November 2009*)

Appointed

Dr K Ahmed, CBE
Ms P Barber
Dr C Braddock, CBE
Dr J P Fletcher
Dr M Goldman
Dr E V Insch, OBE
Mr P Pharaoh
The Rt Hon The Lord Rooker
Mr M J Russell
Mr C J Shaw
Sir John Sunderland
Mr N J Tamblyn
Dr P Warsi, CBE
Mr P M Williams
Dr C Witton
Ms R Yasin

ASTON UNIVERSITY

OFFICERS OF ASTON UNIVERSITY DURING 2009-2010

Chancellor
Sir Michael Bett, CBE, MA, CCIPD, HonDBA, Hon DSc

Pro-Chancellor
Dr P Golby, FREng, BSc, PhD, HonDSc, FEI

Vice-Chancellor
Professor J E King, CBE, FREng, MA, PhD, HonDSc, CSci, FIMMM, FInstP, FRAeS, FIMarEST, FCGI, FRSA, FEI

Senior Pro-Vice-Chancellor
Professor G J Hooley, BSc, PhD, FCIM, FBAM, FEMAC, FRSA, ILTM

Pro-Vice-Chancellors
Dr P Extance, MA, PhD

Professor M Griffin, BSc, PhD, FIBiol *(from 1st April 2010)*

Professor A Halstead, BSc, PhD, ARCS, DIC, CEng, MIM, SFHEA

Professor H E Higson, MA, PhD, FRSA, MHEA

Executive Dean and Head of School of Engineering and Applied Science
Professor R F Berry, PhD

Executive Dean and Head of School of Life and Health Sciences
Professor M Griffin, BSc, PhD, FIBiol (*until 30th November 2009*)

Professor H R Griffiths, BSc, PhD (*from 1st December 2009*)

Executive Dean and Head of School of Languages and Social Sciences
Professor P M Moores, OBE, MA, PhD

Executive Dean and Head of Aston Business School
Professor M A West, BSc(Econ), PhD, CPsychol, FBPsS, FAPA, FRSA

Secretary-Registrar
Mr R H Middleton, MA, MBA (Chief Operating Officer) *(until 28th February 2010)*

Mrs A M MacKinlay, BA (Director of Staff and Student Services) *(from 1st March 2010)*

Interim Director of Finance and Business Services *(until 1st November 2009)*
Mr R D Border, ACA

Chief Financial Officer *(from 2nd November 2009)*
Mr A Hewgill, BSc, ACMA

This report presents the financial results for the University and its subsidiary undertakings for the year to 31 July 2010 and provides details of the key achievements of the University in the year as well as noting the challenges and pressures of the environment within which it operates.

Scope of the Financial Statements

The Financial Statements for the year ended 31 July 2010 comprise the results of the University and its operating subsidiaries:

- Conference Aston Limited, which manages the University's conference facilities and associated activities; and
- 9 months of the trading of Aston Academy of Life Sciences Limited, the independent day hospital which opened for business in 2005. On the 30 April the University sold its shares, consequently this has been disclosed as a discontinued activity in the consolidated accounts. The hospital will continue to collaborate with the School of Life & Health Sciences.

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The financial statements exclude the financial results of the independently managed Student Guild which is reported separately.

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2007).

The Financial Statements were prepared using accounting policies which are consistent with the prior year and the Higher Education SORP 2007.

Results for the year

The University recorded turnover of £111m with a reported operating loss of £0.3m. During the year the University has made strategic investments of £1.4m which are reflected in the above results.

Income

	2010 £'000	**2009 £'000**	Increase/ (Decrease) %	Increase / (Decrease) £'000
Funding Council Grants	36,472	35,486	2.78%	986
Academic teaching fees and support grants	47,370	40,823	16.04%	6,547
Research grants and contracts	8,860	7,743	14.43%	1,117
Other operating income	17,107	19,162	(10.72%)	(2,055)
Endowment income and interest	701	1,881	(62.73%)	(1,180)
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Total Income	**110,510**	**105,095**	**5.15%**	**5,415**

Overall, operating income has increased by more than 5% to £110m. Student private payment of tuition fees has contributed an additional £6.5m (20%) in the current year due to all students now being subject to variable tuition fees for the first time.

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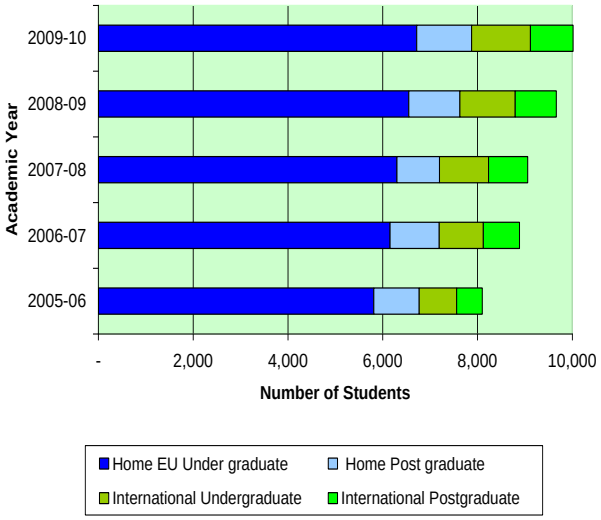
Overseas student fees increased by 12% year on year whilst the student numbers increased by 5%.

Funding Council income now only accounts for 33.0% (2009: 33.8%) of total income, while the recurrent grant is now 27.0% of total income, compared with 27.3% last year.

Other operating income has fallen due to reduced royalty income due to expiry of Temozolomide patents in a number of countries, difficult trading conditions for the conferencing business and the result of consolidating only 9 months day hospital activity.

Endowment income and interest has fallen due to lower rates of interest, generated on cash deposits.

Analysis of student population



The growth in overseas student numbers means that overseas fee income has once again exceeded fees collected from home students. The international student population has increased to 22% of the total student population and this expected to increase further in the future in line with the strategy both of growth and reduced dependence upon Government grant funding.

Research Income

Reported research income increased by 14% during the year. Considerable effort has been made to increase the value of research grants awarded to the University, with £13m of grants being won in the year, an increase of 18% on the previous year. It is clear that competition for grant income continues to rise, however Aston's bid success rates have increased by 3% year on year. The University is investing in the establishment of cross disciplinary teams to develop collaborative grant applications to further strengthen grant application success rates.

The results of the Research Assessment Exercise 2007 showed that 85% of the University's research was rated as internationally recognised, 45% as internationally excellent and 12% World Leading. Tthe University's aims to increase internationally excellent and World leading research activities by supporting the development of research groups across the University.

Expenditure

	2010	**2009**	Increase %	Increase £'000
Staff costs	61,737	58,706	5.16%	3,031
Depreciation	7,946	7,658	3.76%	288
Other operating expenses	38,950	37,296	4.43%	1,654
Interest payable	2,196	1,998	9.91%	198
Total Expenditure	**110,829**	**105,658**	**4.89%**	**5,171**

Staff costs increased by £3.0m as a result of the national pay award (a 0.5% increase) which together with incremental increases gave an overall increase of 1.0%, pay harmonisation reviews, backdated pay adjustments being given, employer pension contributions increases and a 5% increase in the average number of staff employed.

Pay costs represent 56% of total income (2009: 56%). Pension costs rose in the year as contributions increased in response to falling pension fund valuations and the volatile economic climate. The Aston University Pension Scheme reported under FRS17 has shown a deterioration of £1.4m in the year with the deficit of £5.3m increasing to £6.7m. The FRS 17 accounting adjustment gives rise to a reduction in pension costs charged in the Income and Expenditure account of £0.7m (2008-09: £1.5m). The volatility in the stock markets leaves the scheme open to fluctuating valuations and this is kept under close review.

Other Operating Expenses

A £1.6m increase in other operating expenses represents a 4% increase on the previous year.

An increase in funding of academic departments and service continued to be made with the value of bursaries awarded to students increasing by £0.5m, largely in response to the increased number of students subject to top-up fees and research costs increasing in line with activity.

In the year savings of £0.5m have been achieved on the energy costs arising from the use of the centralised natural gas fuelled Combined Heat and Power (CHP) plant via a district heating system.

The annual depreciation charge has increased in the year by 3% (£0.3m), as a result of the continued investment in University infrastructure. The University has continued to invest substantial capital in modernising and extending facilities for teaching and research and student and staff facilities with capital investment of £13.4m in the year to 31 July 2010 and £7.8m in 2009. Key developments in the year were investment in facilities for age related research and bio-energy research, the new car park and sports pitch, new catering facilities relocated to the ground floor of the main building, upgraded utilities infrastructure to serve the new residences and refurbishment of the existing library and sports centre (which had started by the year end).

The construction of phase 1 of the new residences by Aston Student Villages (ASV) was completed on time on 18 August 2010. This has made available 1,307 new ensuite rooms to Aston students which have been fully let. The new development replaces the 1,115 rooms to be demolished over the next year.

The ASV Board comprises Trustees appointed by the University, the facilities management company and the funder. During the year the facilities management trustee, Operon, went into receivership. As a consequence the facilities management provision was retendered by ASV and Derwent Housing have replaced Operon both as provider and Trustee on 3 September 2010.

The University is in discussions with ASV to develop Phase 2 of the residences redevelopment.

Cashflow and Investment Performance

Cash and liquid resources have fallen to £34m (2009: £44m) following investment in the University's research facilities and estate.

The loan portfolio of the University remains at £38m.

Bank interest generated on the University cash deposits was £0.7m (2009: £1.9m). This represents an average rate of return during the year of 1.2% (2009: 4.0%). The interest rates that the University is currently able to attract are ranging between 1.0% - 1.5%.

Interest payable has increased this year to £2.2m (2009: £2.0m) as a result of FRS 17 interest charges.

Key Performance Indicators

The University benchmarks its performance against the rest of the sector where comparable information is available.

Key performance indicators (KPIs) have been developed. These are reported to Council every six months to monitor the progress of the University against its strategic targets.

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 of University services and assessment of the University estate.

Environment & Sustainability

The environment team has implemented various sustainability projects and policies working closely with the Sustainable Aston Working Group, a cross-University group focused on improving the sustainability performance of the University in all areas, including research and teaching.

Aston signed up to EcoCampus, an environmental management system specifically designed for Universities, equivalent to ISO14001. We received our Bronze award in March 2010. We are currently working towards achieving the Silver award, with a view to securing the Platinum award by November 2011.

There have been some major achievements in this area during the year 2009/10. The University significantly improved its position by 27 places in the People & Planet Green League, moving from 18th to 5th. This compares with 93rd place three years ago. The University also completed the Universities That Count full CSR index for the first time in 2010 and achieved a bronze award, performing above the sector average.

Following the award of £250,000 from 'The Revolving Green Fund' the University has invested in a number of projects which include the replacement of inefficient lighting in the library and some lecture theatres, upgrading boilers on campus; insulating pipework around campus; improved ventilation in the library and installing improved fridge controls. These projects are estimated to save 630 tonnes of CO_2 every year.

Aston has signed up to the national 10:10 campaign, committing us to reducing our carbon emissions from energy and transport by 10% during 2010. To achieve this staff are being encouraged to participate in the first Aston Go Green Awards and students to sign up to the Student Switch Off campaign in halls of residence.

The CHP plant is saving the University around 1,000 tonnes of carbon per year.

The University is aiming to achieve the ambitious target of zero waste to landfill by 2012, delivering recycling bins to all areas of the University and investing in a composter to recycle catering and grounds maintenance waste.

Corporate Governance

The Financial Statements include a statement confirming the University's commitment to best practice in all aspects of Corporate Governance. Further progress has been achieved in the year and the University considers that it continues to comply with the internal control guidance for directors in the Combined Code on Corporate Governance issued by the London Stock Exchange, as deemed appropriate for higher education. This includes a comprehensive risk assessment and management process which is now firmly established and monitored by the Audit Committee. The Audit Committee also assesses the benefits delivered by major capital projects and value for money.

Equality and Diversity

Aston University promotes equality and diversity within the University Community in all aspects of its work. Further, it aims to ensure through its admissions policies for students and its recruitment and selection processes for staff that it encourages applications from all groups represented in the wider community at a local, national and international level. The University will endeavour not to discriminate unfairly, against students or potential students, staff or potential staff. This commitment applies to all functions of the University and to any stage of an individual's career at Aston.
In undertaking this commitment the University acknowledges its responsibilities under legislation.

The University is also aware of its responsibilities to promote Race, Gender and Disability Equality and has Equality Schemes and action plans in place to ensure continuous improvement in these areas. It reports annually, in December, on its progress with its Equality and Diversity objectives and publishes this on the Aston University website.

Equality and diversity have been embedded into the three key elements of Aston's mission: Learning and Teaching, Research and Community Engagement. Valuing, respecting and celebrating the diversity of the Aston Community is at the heart of Aston's culture and values, expressed in Aston 2012, the University's Strategic Plan.

The Future

The University's three key strategic aims are those detailed in the Aston 2012 strategy

- to be a centre of excellence in learning and teaching;
- to be a centre of excellence in rigorous, relevant research ;
- to be a centre of excellence in community engagement.

A key element of the strategy, is to enhance the student experience through:

- continued investment in academic schools and the estate;
- continued recruitment of senior academics to strengthen the existing team.
- closer working with companies to give innovative support;
- ensuring that our graduates have an advantage in the employment markets by focussing on employability and entrepreneurship skills as an integral part of the Aston experience.

In addition the University maintains financial and estates strategies which support Aston 2012. The progress against the strategy is measured using the KPIs referred to earlier.

The University will continue to implement Aston 2012, pending development of an updated strategy "Aston 2020", which is currently underway.

This updated strategy will share many of the elements of Aston 2012, but will need to respond to the outcome of the Browne Review of university funding and the UK government's Comprehensive Spending Review (CSR), both of which were published in October 2010. These reviews will have significant effects on the funding of higher education in England both in terms of the balance between government and student funding of tuition and the amount of publicly-funded research income available to universities. The increase in tuition fees will, amongst other things, give UK students greater influence on their choice of university, affect their choice of course and increase their demand for quality in the courses they will largely pay for. The expected reduction in research income may lead to greater specialisation in research and more cooperation between universities. These changes will, over time, lead to a significant shift in the competitive landscape of higher education in England. Aston University will adapt to ensure that it survives and prospers in this changed environment.

Further progress towards these objectives has been achieved this year, with the University ranked in the various league tables generally within the top 20-30 Universities and at 23rd in the 'Table of Tables' summary published by the Times. The National Student Survey of final year undergraduates gave the University a score of 84%, above the national average of 81%. Our overseas applications have increased from 9,546 to 11,340 for 2009 entry with 2,035 international students accepted for study compared with 1,862 in 2008.

During the year the University was subject to a quality assurance audit by the QAA which reviews the quality of the opportunities available to students and the

academic standards of the University. The final report confirmed full confidence in the soundness of the academic quality, standards of awards and the learning opportunities presented to students, highlighting areas of excellent practice.

In addition the University received the second largest grant (£1m) under the Economic Challenge Investment Fund (ECIF) initiative to enhance business interactions (expansion of the INDEX innovation voucher scheme) and to create opportunities for graduates to undertake work experience internships (expansion of Graduate Advantage)**.**

Principal Risks and Uncertainties

Government funding: significant cuts are anticipated in direct HEFCE funding for the government fiscal years 2011/12 and beyond. In 2009/10, HEFCE recurring grant was some £29.9m. Some details were given in the government's CSR announcement on 20th October 2010. However, the specific effects on Aston remain uncertain. These cuts will lead to significant deficits, if mitigating action is not taken.
The University is seeking income and efficiency gains of £10 – 12m by 2012/13 to offset this shortfall in income, with some savings starting in 2010/11.

Research income: the University had research income of £8.8m in 2009/10. Some of this was from UK government agencies, some from Europe and some from industry and other charities. There is potential for this income to reduce due to financial constraints on government agencies and, also, because of the ongoing recession. In addition, the pressure on universities finances will further increase the competition for research funds.

The University continues to invest in its facilities and staff to ensure that its research activities are relevant and attractive to research funders.

Student numbers: a significant part of the University's income comes from tuition fees paid by or on behalf of students. Home student fees are expected to rise, as universities are allowed to increase them to offset cuts in government funding. This could lead to a more competitive market for Home/EU students, who will be more attentive to academic reputation and selective in their choice of University.

Some 23% of Aston students are from overseas, which is higher than most universities. This means that the University could be at risk if overseas student numbers declined, due to immigration barriers, economic or exchange rate problems or competition from other universities. The University is alert to this risk and takes measures through its international office to build relationships overseas and to ensure that the University's offering remains attractive to overseas students.

Pensions: the University belongs to two defined benefit pension schemes: the Universities Superannuation Scheme (USS) and the Aston University Pension Scheme (AUPS). USS is an independent scheme run principally for the benefit of higher education institutions and AUPS is a scheme for Aston University employees, sponsored by the University. Defined benefit schemes represent a risk as the liability to fund the defined benefits is both uncapped and long-lasting.
USS has recently taken steps to manage its liabilities by proposing to amend its scheme so that new members' pensions are calculated on a career average basis and that employees, as well as the employers, will contribute towards pension deficits. USS is now consulting its members about the proposed changes.
AUPS has already changed to a career average scheme and the University will continue to take advice and consult with trustees about measures to manage its liability to the scheme.

Mr M J Russell

Chair of Finance and Major Projects Committee

4 January 2011

ASTON UNIVERSITY – PUBLIC BENEFIT STATEMENT

Aston University is an exempt charity under the terms of Charities Act 2006.
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 and particularly to its supplementary public benefit guidance on the advancement of education. This statement has been included as required by the Higher Education Funding Council for England (HEFCE) as the principal regulator of English higher education institutions under the Charities Act 2006.

Aims and Objectives
The overall aim of the University is that set out in the 1966 Charter, namely 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. Such teaching and research may include periods outside the University in industry or commerce or wherever the University considers proper for the best advancement of its objects.

The University mission and strategy, Aston 2012 builds on the provisions and powers outlined in the Charter.

These include:

- To become a Centre of Excellence in Learning and Teaching
- To be recognised internationally for excellence in Research in key areas relevant to business and society
- To support Birmingham and the West Midlands through best practice in Community Engagement To strengthen our community through developing our Culture and Values
- To deliver Sustainable Growth in key areas to provide financial flexibility and critical mass, whilst retaining our character as a small, specialist university
- To provide a high quality Physical, Information and Communications Infrastructure to support our Mission

The University's website and publications, provide further details on these activities.

Widening participation

At the heart of Aston 2012 are a number of values that are critical for the success of the University's Equality and Diversity Strategy. These include:

- Valuing and respecting the diversity of the Aston Community
- Enabling students, whatever their background, to develop as critical, reflective learners who will make a difference in the global workplace
- Promoting justice, integrity and sustainable growth in society
- Ensuring that Aston is safe and healthy with a good work-life balance

One of the strategic objectives is to implement a world-class diversity strategy. This approach requires not only adherence to equality legislation but also a clear demonstration of the University's commitment to equality by mainstreaming and embedding equality issues into each of the key strategic areas and by openly celebrating the diversity of the Aston Community

Aston's students are drawn from over fifty countries, with international students forming approx 23% of the student population, and our students come from a wide range of backgrounds. The University provides a wide range of scholarships and bursaries to enable participation by those students who

would not otherwise be able to afford to study at the University. Our aim is to ensure that no student has reason to be deterred from applying to Aston because of the costof living and studying here. In 2009/10, the University disbursed over £1.9m in financial support for students from low-income groups, scholarships and bursaries. The University has a well established programme of outreach activities designed to raise levels of attainment, aspirations and applications among under-represented groups.

Once they are at the University, we are committed to ensuring that all our students benefit from an excellent teaching and learning experience as well as extra-curricular opportunities, including a range of community volunteering programmes, that enable students to develop as individuals and enhance future employability. We provide a range of student services to ensure student welfare and a successful passage through university life and beyond, including health services, counselling, provision for disabled students, sport and exercise facilities, and careers and financial advice.

Environment and sustainability

The University believes that environmental sustainability is the foundation of wider economic and social sustainability and is an integral part of good institutional practice. We have a duty to satisfy ourselves that all our operations and activities are conducted with proper regard for the environment. We are committed to maintaining and, wherever possible, improving the quality of this environment both for the people who live and work in the University, and for the wider community now and in the future. We seek to make the most effective and efficient use of all resources, encouraging all members of the University community to develop a sustainable approach to their work.

Our aims are to:

• Reduce the environmental impact of the University through better management of its resources
• Integrating environmental and sustainable principles into the University's operational procedures, educational activities and research promoting best practice at every level
• Meet the requirements of all relevant legislation and other requirements and exceed these requirements where they best support the University's other objectives
• Monitor and regularly review our environmental performance, and set objectives and targets to ensure continual improvement
• Communicate both internally and externally about our environmental performance, including training and awareness for staff and students

To achieve these aims, the University will devise and implement strategies to reduce environmental impact and enhance management of resources,

Ethical investment and banking policies

Council (as trustees of the University's endowment funds) is expected to act in the best interests of the beneficiaries of the funds for which they are responsible. The beneficiaries include the University itself, staff and students. Council's policy is to aim for the best possible financial return from investments, consistent with an appropriate risk profile and may exclude investments from their investment portfolios, if the aims of the bodies concerned are directly contrary to the objectives of their trusts.

In Summary

In implementing our aims and objectives, the University is guided by the values set out in its Vision & Strategy and Council is mindful of its responsibility to ensure that the University acts for the benefit of the public.

ASTON UNIVERSITY – CORPORATE GOVERNANCE

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 2003 and in the Guide for Members of Governing Bodies of Universities and Colleges in England, Wales and Northern Ireland, issued by the Committee of University Chairmen in November 2004. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

The University's 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 Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, which has been in place for the year ended 31 July 2010 and up to the date of approval of the annual report and accounts.

In order to provide assurance that the above process is operating effectively, Internal Audit has undertaken a review of the University's procedures for governance and risk management and of the underlying control and monitoring processes.

The Council is therefore of the opinion that the necessary procedures have been in place throughout the year ended 31 July 2010 and up to the date of approval of the annual report and accounts. The overall process is reviewed regularly by the Council and accords with the internal control guidance for directors in the Combined Code as deemed appropriate for higher education.

The University's Council comprises lay members, students and employees appointed under the Statutes of the University, the majority of whom are non-executive. The roles of Chancellor and Pro-Chancellor of the Council are separated from the role of the University's Chief Executive, the Vice-Chancellor. The matters specifically reserved to the Council for decision are set out in the Statutes of the University, by custom and under the Financial Memorandum with the Higher Education Funding Council for England.

The Council holds to itself the responsibilities for approving plans for the ongoing strategic direction of the University, approval of major developments and the receipt of regular reports from Executive Officers on the day-to-day operations of its business and its subsidiary companies.

The Council meets six times a year and has several Committees, including a Strategy Review Committee, a Finance and Major Projects Committee, a Nominations Committee, a Remuneration Committee, and an Audit Committee.

All of these Committees are formally constituted with terms of reference. They comprise mainly lay 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 Strategy Review Committee, and the University Executive, the former a joint committee of the Council and of the Senate, the body responsible for the University's academic affairs.

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

The Governing Council has adopted the recommendations of the Committee of University Chairmen Guide for Members of HE Governing Bodies in the UK.

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 Audit Committee meets at least three times a year with the University's external auditors and the internal auditors in attendance. The Committee considers detailed reports on the University's systems of internal control, risk management and governance including management's plans to implement actions to comply with those recommendations .

It also receives and considers reports from the Higher Education Funding Council for England as they affect the University's business, and monitors adherence with the regulatory requirements. Whilst senior officers attend meetings of the Audit Committee as necessary, they are not members of the Committee, and once a year the Committee meets with the external and internal auditors on their own for independent discussions.

ASTON UNIVERSITY - STATEMENT OF THE COUNCIL'S RESPONSIBILITIES

In accordance with the University's Charter of Incorporation, the Council is responsible for the management and administration of the University's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the University and to enable it 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 Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England (HEFCE) and the Council of the University, the Council, through its designated office holder, is required to prepare 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.

In causing the financial statements to be prepared, 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;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- ensure that funds from the HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the HEFCE and any other conditions which the HEFCE may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

- 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;
- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual

income, expenditure, capital and cash flow budgets;

- regular reviews of key performance indicators and business risks and quarterly review/s of financial results involving variance reporting and updates of forecast outturns;

- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council;

- comprehensive Financial Regulations, detailing financial controls and procedures, and processes for risk management and the management of conflicts of interest. The Financial Regulations are approved by Council and subject to regular review;

- comprehensive Personnel Policies including all phases of employment, all aspects of equal opportunities, harassment, grievances and whistle-blowing;

- a professional Internal Audit team whose annual programme is approved by the Audit Committee and Council and whose head provides the Council 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.

Any system of internal control can, however, only provide reasonable, but not absolute assurance against material misstatement or loss.

Independent auditors' 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 2010 which comprise the consolidated Income and Expenditure Account, the consolidated and University Balance Sheets, the consolidated Cash Flow Statement, the consolidated statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Council, in accordance with the Charter and Statutes of the University. 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 University's Council and Auditors

The University's Council responsibilities for preparing the Operating Financial Review and the group financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on pages 12 and 13.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England. We also report to you whether in our opinion the Operating and Financial Review is not consistent with the financial statements.

In addition we report to you if in our opinion the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Operating and Financial Review and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the University's Council in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group and University's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement,

whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group and the University's affairs as at 31 July 2010 and of the Group's deficit of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- in all material respects, income from the Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2010 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2010 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the Higher Education Funding Council for England.

MJ Rowley Date 4 January 2011
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

ASTON UNIVERSITY - STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

1. Basis of preparation

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

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.

2. 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.

3. Basis of consolidation

The consolidated financial statements include the University and its subsidiary undertakings Conference Aston Limited and Aston Academy of Life Sciences Limited divested on 30 April 2010.

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

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

4. 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.

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.

5. Maintenance of premises

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

6. 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.

7. 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 Earnings Related Pension 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.

The assets of AUPS are measured using bid values for the current year whereas the value for previous years is at mid market value. AUPS 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 31.

A small number of employees are members of defined contribution schemes, where the contributions paid by the University are charged in the year in which they are payable.

8. Tangible fixed assets

a. Land and buildings

Land and buildings are included in the Balance Sheet at valuation with 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. 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 held freehold and is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over their expected useful lives of up to 50 years, while building improvements and adaptations 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.

b Equipment

Equipment costing less than £10,000 (£500 until 31 July 2008) 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 and Laboratory Equipment/Upgrading	20% pa
Motor Vehicles and General Office 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.

9. 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.

10. 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.

11. 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.

12. Taxation

The University is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax, and so is able only partially to recover the VAT input tax suffered.

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

13. 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 exclude any such assets held as endowments asset investments.

14. 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.

ASTON UNIVERSITY

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 July 2010

	Note	**Discontinued Operations 2009-10 £000**	**Continuing Operations 2009-10 £000**	**2009-10 £000**	2008-09 £000
INCOME					
Funding Council grants	1	**-**	**36,472**	**36,472**	35,486
Academic fees and support grants	2	**-**	**47,370**	**47,370**	40,823
Research grants and contracts	3	**-**	**8,860**	**8,860**	7,743
Other operating income	4	**726**	**16,381**	**17,107**	19,162
Endowment income and interest receivable	5	**-**	**701**	**701**	1,881
		726	**109,784**	**110,510**	105,095
Total Income					
EXPENDITURE					
Staff costs	6	**552**	**61,185**	**61,737**	58,706
Depreciation	9	**-**	**7,946**	**7,946**	7,658
Other operating expenses	7	**467**	**38,483**	**38,950**	37,296
Interest payable	8	**-**	**2,196**	**2,196**	1,998
Total Expenditure		**1,019**	**109,810**	**110,829**	105,658
Operating (deficit)/surplus after depreciation of assets at valuation before exceptional items		**(293)**	**(26)**	**(319)**	(563)
Surplus on disposal of subsidiary	10	**-**	**-**	**-**	-
Operating (deficit)/surplus after depreciation of assets at valuation and disposal of fixed assets		**(293)**	**(26)**	**(319)**	(563)
Transfer from/(to) accumulated income within endowments	21	**-**	**42**	**42**	(33)
(Deficit)/Surplus for the year retained for general reserves		**(293)**	**16**	**(277)**	(596)
Included in revenue reserve	23	**(293)**	**(650)**	**(943)**	(2,049)
Included in pension reserve	23	**-**	**666**	**666**	1,453
		(293)	**16**	**(277)**	(596)

ASTON UNIVERSITY

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 July 2010

	Note	**2009-10**	2008-09
		£000	£000
Operating (deficit) after depreciation of assets		**(319)**	(563)
New endowments	15	**587**	2
Appreciation/(Depreciation) of endowment assets	21	**(66)**	(124)
Actuarial (loss/)gain in respect of AUPS	31	**(2,080)**	2,634
Total recognised (losses)/gains relating to the year		**(1,878)**	1,949

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS
for the year ended 31 July 2010

	Note	**2009-10**	2008-09
		£000	£000
Operating (deficit) after depreciation of assets		**(319)**	(563)
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	22	**562**	562
Historical cost surplus/(deficit)		**243**	(1)

All activities are continuing with the exception of the Aston University Day Hospital (Note 10).

ASTON UNIVERSITY

BALANCE SHEETS as at 31 July 2010

	NOTE	**GROUP 31 July 2010 £000**	GROUP 31 July 2009 £000	**UNIVERSITY 31 July 2010 £000**	UNIVERSITY 31 July 2009 £000
Fixed Assets	12	**70,332**	64,934	**70,126**	64,660
Investment Properties	13	**20,200**	20,200	**20,200**	20,200
Fixed Asset Investments	14	**187**	185	**1,927**	3,765
Endowment Asset Investments	15	**2,083**	1,472	**2,083**	1,472
Current Assets					
Stocks		**52**	66	**36**	45
Debtors	16	**13,760**	8,709	**14,076**	10,111
Investments (all cash deposits)		**31,679**	41,571	**31,679**	41,571
Cash at Bank and in Hand		**2,507**	2,609	**1,201**	1,003
		47,998	52,955	**46,992**	52,730
Creditors: amounts falling due within one year	17	**(27,444)**	(25,463)	**(27,308)**	(26,167)
Net Current Assets		**20,554**	27,492	**19,684**	26,563
Creditors: amounts falling due after more than one year	18	**(38,148)**	(38,652)	**(38,148)**	(38,652)
Provisions for Liabilities and Charges	19	**(174)**	(288)	**(174)**	(288)
TOTAL NET ASSETS excluding pension liability		**75,034**	75,343	**75,698**	77,720
Pension liability	31	**(6,735)**	(5,321)	**(6,735)**	(5,321)
TOTAL NET ASSETS including pension liability		**68,299**	70,022	**68,963**	72,399
Represented by					
Deferred Capital Grants	20	**12,693**	12,678	**12,693**	12,678
Endowments	21				
Expendable		**1,214**	844	**1,214**	844
Permanent		**869**	628	**869**	628
		2,083	1,472	**2,083**	1,472
Reserves:					
Revaluation Reserve	22	**16,186**	16,748	**16,186**	16,748
General Reserves	23	**44,072**	44,445	**44,736**	46,822
Pension Reserve	23	**(6,735)**	(5,321)	**(6,735)**	(5,321)
		53,523	55,872	**54,187**	58,249
TOTAL FUNDS		**68,299**	70,022	**68,963**	72,399

The financial statements were approved by the Finance and Major Projects Committee on 11 October 2010 and by the Council on 3 November 2010, and were signed on its behalf by the Chief Financial Officer and by the Vice-Chancellor as the principal office holder, as defined in the Financial Memorandum.

Mr A Hewgill
Chief Financial Officer

Professor JE King
Vice-Chancellor

ASTON UNIVERSITY

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 July 2010

	Note	**2009-10 £000**	2008-09 £000
Net cash inflow from operating activities	27	**1,562**	5,908
Returns on investments and servicing of finance	28	**(818)**	(108)
Capital expenditure and financial investment	29	**(9,518)**	(7,114)
Cash inflow before use of liquid resources		**(8,774)**	(1,314)
Inflow of management of liquid resources	30	**9,349**	3,615
Financing	30	**(484)**	(461)
Increase in cash	30	**91**	1,840

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	**2009-10 £000**	2008-09 £000
Increase in cash		**91**	1,840
Decrease in short term deposits	30	**(9,349)**	(3,615)
Long-term loan taken out in the year	30	**-**	-
Long-term loan repaid in the year	30	**484**	461
Change in Net Funds	30	**(8,774)**	(1,314)
Net funds at 1 August	30	**5,717**	7,031
Net funds at 31 July	30	**(3,057)**	5,717

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

1. FUNDING COUNCIL GRANTS (HEFCE)	**2009-10**	2008-09
	£000	£000
Recurrent Grant	**29,916**	28,792
Specific Grants:		
Higher Education Innovation Fund	**1,557**	1,030
Foundation Degrees	**506**	373
Learning & Teaching Development	**250**	165
Rewarding and Developing staff	**-**	2,298
Other	**1,646**	229
Sub-total	**33,875**	32,887
Deferred Capital Grants released in the year (note 20)	**2,597**	2,599
	36,472	35,486

2. ACADEMIC FEES & SUPPORT GRANTS	**2009-10**	2008-09
	£000	£000
Home and EU students	**22,561**	18,717
Overseas students	**21,586**	19,285
Short Course fees	**2,383**	2,125
Support grants including bench fees and CASE awards	**840**	696
	47,370	40,823

3. RESEARCH GRANTS & CONTRACTS	**2009-10**	2008-09
	£000	£000
Research Councils and UK-based Charities	**4,884**	3,738
Other research grants and contracts	**3,976**	4,005
	8,860	7,743

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. OTHER OPERATING INCOME

	2009-10 £000	2008-09 £000
Residences, Catering and Conferences	**6,171**	7,122
Other Services Rendered	**1,256**	1,101
Rents and hire of rooms	**1,822**	1,625
Sport & Recreation	**706**	708
Nursery	**355**	364
Multi-media Services	**51**	36
Aston Academy of Life Sciences	**726**	984
Departmental Earnings	**161**	154
ERASMUS Grants	**548**	475
AWM & other revenue grant income	**1,913**	1,763
Release of non-HEFCE deferred capital grants (note 20)	**55**	37
Recovery of VAT	**303**	306
Income from exploitation of IPR	**1,753**	3,022
Other income	**1,287**	1,465
	17,107	19,162

5. ENDOWMENT INCOME AND INTEREST RECEIVABLE

	2009-10 £000	2008-09 £000
Income from expendable endowments (note 21)	**23**	28
Income from permanent endowments (note 21)	**17**	21
Income from donations	**-**	-
Other investment income and interest receivable	**661**	1,832
	701	1,881

6. STAFF

	2009-10 £000	2008-09 £000
Costs of all wages and salaries:		
Basic pay	**49,709**	48,466
Employer's Social Security	**4,076**	3,816
Employer's pension contributions including FRS 17 adjustment (note 31)	**7,952**	6,424
Total Pay Costs	**61,737**	58,706
Restructuring Costs	**-**	-
	61,737	58,706
(See note 9 for analysis by activity)		
Emoluments of the Vice-Chancellor Professor JE King		
Salary in respect of the current year	**250**	249
Performance related pay		
In respect of the current year	**10**	10
Benefits in Kind	**3**	-
Total	**263**	259

6. STAFF (continued)

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 University's pension contributions to USS are paid at the same rate as for other academic staff and amounted to £55,132 (2008-09 £50,554) for Professor JE King.

Compensation for loss of office was paid to a former member of staff earning in excess of £100,000 per annum:	**2009-10 £'000**	2008-09 £'000
Compensation paid to former post holder	**146**	254
Estimated value of other benefits	**23**	38

Remuneration of other Higher Paid Staff, excluding employer's Social Security and pension contributions:	**2009-10 Number**	2008-09 Number
£100,000 - £109,999	**5**	4
£110,000 - £119,999	**3**	3
£120,000 - £129,999	**5**	4
£130,000 - £139,999	**3**	2
£140,000 - £149,999	**-**	2
£150,000 - £159,999	-	-
£160,000 - £169,999	**1**	2
£180,000 - £189,999	**-**	-

The average number of staff employed, expressed as full-time equivalents and analysed over activity, is as follows:		
Academic	**458**	438
Technical	**52**	50
Administrative	**335**	284
Clerical, manual and other	**436**	445
	1,281	1,217

7. OTHER OPERATING EXPENSES

	2009-10 £000	2008-09 £000
Consumables, laboratory and other expenses in Academic Departments	**9,457**	8,266
Library, Information Systems and other Academic Services	**3,322**	2,383
Research Grants and Contracts	**4,462**	3,568
Residences, Catering and Conferences	**1,704**	2,543
Maintenance of premises, insurance and utilities	**6,144**	6,620
Administrative and Central Services	**2,851**	1,975
General Educational expenditure including the non pay costs of certain grants	**6,525**	7,362
Student & Staff Facilities	**1,164**	1,384
Other Services Rendered	**1,824**	1,562
Miscellaneous expenditure	**1,497**	1,633
	38,950	37,296

8. INTEREST PAYABLE

	2009-10	2008-09
	£000	£000
Interest payable on loans repayable in less than 5 years	**475**	533
Interest payable on loans repayable in more than 5 years	**1,456**	1,456
Interest payable on AUPS (note 31)	**265**	9
	2,196	1,998

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

2009-10	Staff Costs £000	Depr'n £000	Operating Expenses £000	**Total £000**
Academic Departments	33,551	3,269	9,457	**46,277**
Academic Services	4,508	652	3,322	**8,482**
Research Grants and Contracts	3,362	-	4,462	**7,824**
Residences, Catering and Conferences	2,970	1,069	1,704	**5,743**
Premises	3,818	2,073	6,144	**12,035**
Administration and Central Services	12,450	883	10,540	**23,873**
Other expenses	2,009	-	3,321	**5,330**
FRS 17 adjustment	(931)	-	-	**(931)**
Total per Income and Expenditure Account	61,737	7,946	38,950	**108,633**

The depreciation charge has been funded by:	
Deferred Capital Grants released (note 20)	2,652
Revaluation Reserve released (note 22)	562
General income	4,732
	7,946

2008-09	Staff Costs £000	Depr'n £000	Operating Expenses £000	Total £000
Academic Departments	31,705	3,060	8,266	**36,678**
Academic Services	4,658	607	2,383	**7,648**
Research Grants and Contracts	3,289	-	3,568	**6,857**
Residences, Catering and Conferences	2,948	1,009	2,543	**6,500**
Premises	3,611	1,819	6,620	**12,050**
Administration and Central Services	12,047	1,163	10,721	**23,931**
Other expenses	1,910	-	3,195	**5,105**
FRS 17 adjustment	(1,462)	-	-	**(1,462)**
Total per Income and Expenditure Account	58,706	7,658	37,296	**103,660**

The depreciation charge has been funded by:	
Deferred Capital Grants released (note 20)	2,636
Revaluation Reserve released (note 22)	562
General income	4,460
	7,658

10. DISPOSAL OF SUBSIDIARY

GROUP

	2009-10 £'000	2008-09 £'000
Proceeds on disposal	628	-
Subsidiary net assets at disposal	(160)	-
Cost of disposal	(468)	-
Net Surplus on disposal	-	-

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	2009-10 £'000	2008-09 £'000
Proceeds on disposal	628	-
Investment in subsidiary at disposal	(2,438)	-
Cost of disposal	(468)	-
Loss on disposal	(2,278)	-

The University disposed of it's shares in the 100% owned subsidiary, Aston Academy of Life Sciences Limited, to Optegra Limited for a value of £628,000, on 30 April 2010 giving rise to a break even result in the consolidated accounts.

Optegra Limited are a company who are creating a nationwide network of commercial laser eye surgery. The University has entered into a collaboration agreement to enable students from the School of Life and Health Sciences to continue to have access to observe eye operations.

As a result of this disposal the University Group's activity included Aston Academy of Life Sciences activity for the 9 months to 30 April. The affect of discontinued activities on the group position is as follows:

	Discontinued Operations 2009-10 £000	**Continuing Operations 2009-10 £000**	**2009-10 £000**	Discontinued Operations 2008-09 £000	Continuing Operations 2008-09 £000	2008-09 £000
INCOME						
Funding Council grants	**-**	**36,472**	**36,472**	-	35,486	35,486
Academic fees and support grants	**-**	**47,370**	**47,370**	-	40,823	40,823
Research grants and contracts	**-**	**8,860**	**8,860**	-	7,743	7,743
Other operating income	**726**	**16,381**	**17,107**	984	18,178	19,162
Endowment income and interest receivable	**-**	**701**	**701**	-	1,881	1,881
Total Income	**726**	**109,784**	**110,510**	984	104,111	105,095
EXPENDITURE						
Staff costs	**552**	**61,185**	**61,737**	469	58,237	58,706
Depreciation	**-**	**7,946**	**7,946**	-	7,658	7,658
Other operating expenses	**467**	**38,483**	**38,950**	454	36,842	37,296
Interest payable	**-**	**2,196**	**2,196**	-	1,998	1,998
Total Expenditure	**1,019**	**109,810**	**110,829**	923	104,735	105,658

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TAXATION

There is no liability for taxation because of the University's taxation status as set out in Accounting Policy number 12.

12. FIXED ASSETS

GROUP

	Land and Buildings				Equipment		
	Freehold	Long Leasehold	Construction in progress	Total		Work in progress	Total
	£000	£000	£000	£000	£000	£000	£000
Valuation / Cost							
At 1 August 2009	76,752	1,423	2,109	80,284	38,924	1,287	120,495
Transfers	4,152	-	(4,139)	13	1,398	(1,411)	-
Additions at cost	11	-	11,023	11,034	374	1,970	13,378
Disposals	-	-	-	-	(1,140)	-	(1,140)
At 31 July 2010	80,915	1,423	8,993	91,331	39,556	1,846	132,733
Depreciation							
At 1 August 2009	25,600	929	-	26,529	29,032	-	55,561
Disposals	-	-	-	-	(1,106)	-	(1,106)
Charge for year	3,649	62	-	3,711	4,235	-	7,946
At 31 July 2010	29,249	991	-	30,240	32,161	-	62,401
Net Book Value at 31 July 2010	**51,666**	**432**	**8,993**	**61,091**	**7,395**	**1,846**	**70,332**
Net Book Value at 31 July 2009	51,152	494	2,109	53,755	9,892	1,287	64,934

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	Land and Buildings				Equipment		
	Freehold	Long Leasehold	Construction in progress	Total		Work in progress	Total
	£000	£000	£000	£000	£000	£000	£000
Valuation / Cost							
At 1 August 2009	75,398	1,423	2,109	78,930	38,689	1,287	118,906
Transfers	4,152	-	(4,139)	13	1,398	(1,411)	-
Additions at cost	11	-	10,942	10,953	374	1,970	13,297
Disposals	-	-	-	-	(1,138)	-	(1,138)
At 31 July 2010	79,561	1,423	8,912	89,896	39,323	1,846	131,065
Depreciation							
At 1 August 2009	24,486	929	-	25,415	28,831	-	54,246
Disposals	-	-	-	-	(1,106)	-	(1,106)
Charge for year	3,514	62	-	3,576	4,223	-	7,799
At 31 July 2010	28,000	991	-	28,991	31,948	-	60,939
Net Book Value at 31 July 2010	**51,561**	**432**	**8,912**	**60,905**	**7,375**	**1,846**	**70,126**
Net Book Value at 31 July 2009	50,912	494	2,109	53,515	9,858	1,287	64,660

13. INVESTMENT PROPERTIES

Freehold Land and Buildings were acquired in 2008 under a sale and short term lease back arrangement at a cost of £20,200,000.

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.

			2009-10			2008-09
	Cost	Amount provided	**Net Investment**	Cost	Amount provided	Net Investment
	£	£	**£**	£	£	£
Conference Aston Limited	1,740,100	-	**1,740,100**	1,740,100	-	1,740,100
Aston Academy of Life Sciences Limited	-	-	**-**	1,840,613	-	1,840,613
			-			3,580,713

These are consolidated as explained in Accounting Policy number 3.

The principal activities of the subsidiaries are as follows:

Aston Oats Limited	Dormant
Astals Training Limited	Dormant
Aston University Consulting Limited	Dormant
Conference Aston Limited	Management of conference activities
Aston Academy of Life Sciences Limited	Undertaking eye surgery and other associated services
EBRI (UK) Ltd	Dormant
ETC-TV Limited	Dormant
Education Television Limited	Dormant

In addition the University has the following interests at nil cost in spin-out companies registered in England and Wales, none of which traded during the year ended 31 July 2010:

	Number of shares	Equity share	2009-10 Net Investment
Astisen Limited	10,000	50%	**-**
Protamax Limited	8,000	40%	**-**
Astelics	2,400	16.1%	**-**

14. INVESTMENT IN SUBSIDIARIES/MINORITY INTERESTS (Continued)

The University also has minority interests in the following companies:

	Cost £	Amount provided £	**2009-10 Net Investment £**	Cost £	Amount provided £	2008-09 Net Investment £
Cardionetics Limited	71,525	(71,525)	**-**	71,525	(71,525)	-
CVCP Head Office	31,539	-	**31,539**	31,539	-	31,539
Advantage Growth Fund	105,000		**105,000**	93,000	-	93,000
OSI Pharmaceuticals Inc	10	-	**10**	10	-	10
Protomax	80	-	**80**	80	-	80
Aerbuddies	19,998	(19,998)	**-**	19,998	-	19,998
Aston Business Assessments	1		**1**	-	-	-
H20 Incubator Ten Ltd	18	-	**18**	-	-	-
Mercia Fund	40,002	-	**50,000**	40,002	-	40,002
			186,648			184,629
Total investment in subsidiaries and minority interests			**1,926,748**			3,765,342

15. ENDOWMENT ASSET INVESTMENTS

GROUP AND UNIVERSITY	**2009-10 £000**	2008-09 £000
Balance at 1 August	**1,472**	1,561
Additions	**587**	2
Change in market value	**66**	(124)
(Decrease)/Increase in short term deposits	**(42)**	33
Balance at 31 July	**2,083**	1,472
Represented by:		
Hermes Property Unit Trusts	**110**	95
Charities Official Investment Fund	**563**	511
Short Term Deposits (note 30)	**1,410**	866
	2,083	1,472

16. DEBTORS

	GROUP 2009-10 £000	GROUP 2008-09 £000	**UNIVERSITY 2009-10 £000**	UNIVERSITY 2008-09 £000
Trade Debtors	**4,709**	3,179	**4,369**	2,839
Research grants and contracts	**3,098**	2,368	**3,098**	2,368
Due from subsidiary undertakings	**-**	-	**554**	1,333
Other debtors and prepayments	**5,877**	2,912	**5,979**	3,321
Investments held for disposal	**76**	250	**76**	250
	13,760	8,709	**14,076**	10,111

Included in the figures above is a debtor due after one year of £1,388,000 (2008 - 09 : £1,388,000) in relation to deferred premium on the disposal of residences, and a debtor due after one year of £620,524 (2008 – 09 £75,680) in relation to matched funding.

17. CREDITORS: Amount falling due within one year

	GROUP 2009-10 £000	GROUP 2008-09 £000	**UNIVERSITY 2009-10 £000**	UNIVERSITY 2008-09 £000
Research grants and contracts received in advance	**5,408**	4,411	**5,408**	4,411
Other creditors	**21,532**	20,375	**21,396**	21,079
Bank overdraft	**-**	193	**-**	193
Repayment of bank loans	**504**	484	**504**	484
	27,444	25,463	**27,308**	26,167

18. CREDITORS: Amount falling due after more than one year

GROUP AND UNIVERSITY	**2009-10 £000**	2008-09 £000
Long-Term Loans	**38,148**	38,652

The loan falls due for repayment in instalments as follows:	**£000**	£000
Between 1 and 2 years	**504**	504
Between 2 and 5 years	**11,659**	11,659
After 5 years	**25,985**	26,489
	38,148	38,652

The long-term loans comprise:

i) A term loan of £30 million with rates of interest negotiated at the time of draw down. Payable in quarterly instalments from 2008 to 2037

ii) A revolving loan of £10 million with drawings maturing in 2008 but where committed facilities from the same lender are in place until 2010.

The weighted average interest rate for these loans was 4.97% per annum.

19. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP AND UNIVERSITY

	At 1 August 2009 £000	Utilised in year £000	Increase in Provision £000	**At 31 July 2010 £000**
Liability to Superannuation Schemes				
Supplementary pensions	219	(11)	-	**208**
West Midlands Metropolitan Authorities Pension Fund	69	(103)	-	**(34)**
	288	(56)	-	**174**

20. DEFERRED CAPITAL GRANTS

GROUP AND UNIVERSITY

			2009-10			2008-09
	HEFCE	**Other**	**Total**	HEFCE	Other	Total
	£000	**£000**	**£000**	£000	£000	£000
Opening balance at 1 August	**12,196**	**482**	**12,678**	14,086	507	14,593
Grants received	**2,184**	**483**	**2,667**	709	12	721
Released to Income and Expenditure (notes 1 and 4)	**(2,600)**	**(52)**	**(2,652)**	(2,599)	(37)	(2,636)
At 31 July	**11,780**	**913**	**12,693**	12,196	482	12,678

21. ENDOWMENTS

GROUP AND UNIVERSITY

	Restricted Permanent	**Restricted Expendable**	**Total**
	£000	**£000**	**£000**
Opening Balance at 1 August 2009	844	628	1,472
Capital	609	470	1,079
Accumulated income	235	158	393
New endowments	-	587	-
Investment income	23	17	40
Expenditure	(35)	(46)	(81)
Increase in market value of investments	37	29	66
At 31 July 2010	**869**	**1,214**	**2,083**
Represented by:			
Capital	609	1,056	1,665
Accumulated income	260	158	418
	869	1,214	2,083

22. REVALUATION RESERVE

GROUP AND UNIVERSITY

	2009-10	2008-09
	£000	£000
At 1 August	**16,748**	17,310
Released in year relating to disposal	**-**	-
Released in year (note 9)	**(562)**	(562)
At 31 July	**16,186**	16,748

23. GENERAL RESERVES AND PENSION RESERVE

GENERAL RESERVES
GROUP

	At 1 August 2009	Deficit after depr'n of assets at valuation	Release/ disposal from Reval'n Reserve (note 22)	Transfer	**At 31 July 2010**
	£000	£000	£000	£000	**£000**
Revenue Reserve	27,873	(935)	562	(6,429)	**21,071**
Capital Reserve	16,572	-	-	6,429	**23,001**
	44,445	(935)	562	-	**44,072**

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	At 1 August 2009	Deficit after depr'n of assets at valuation	Release/ disposal from Reval'n Reserve (note 22)	Transfer	**At 31 July 2010**
	£000	£000	£000	£000	**£000**
Revenue Reserve	30,522	(2,648)	562	(6,398)	**22,038**
Capital Reserve	16,300	-	-	6,398	**22,698**
	46,822	(2,648)	562	-	**44,736**

GROUP AND UNIVERSITY

	At 1 August 2009	FRS 17 movement in income and expenditure account	Actuarial (loss/gain)		**At 31 July 2010**
	£000	£000	£000		**£000**
Pension reserve	(5,321)	666	(2,080)		**(6,735)**

24. LEASE OBLIGATIONS

There is an annual obligation of £110,243 for 2009-10 (2008-09: £110,243) under an operating lease for residential accommodation to be used for conferencing activity during the summer vacation period expiring in more than 5 years.

25. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At the year end, capital commitments for items contracted for but not yet received by the University amounted to £11,976,000 (2008-09 £2,320,000).

At the year end the University has contingent liabilities of £1,915,250 (2008-09 : nil) in respect of the Student Residences Project Phase 2, where the developer, Aston Student Villages (ASV) have borne the preliminary development costs prior to ASV formally approving phase 2. In the event that ASV does not approve the phase 2 development these costs would be borne to the University.

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.

26. RELATED PARTY TRANSACTIONS

Due to the nature of the University's operations and the composition of the 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 the Council may have an interest. All transactions involving organisations in which a member of the Council may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

27. RECONCILIATION OF OPERATING SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

	2009-10	2008-09
	£000	£000
(Deficit)/Surplus after depreciation of assets	**(319)**	(563)
Depreciation (note 12)	**7,946**	7,674
Profit on disposal of fixed assets	**(0)**	(2)
Deferred Capital Grants released to income (notes 1 and 4)	**(2,652)**	(2,636)
Investment income including FRS 17 adjustment (note 5)	**(701)**	(1,881)
Interest payable including FRS 17 adjustment (note 8)	**2,196**	1,998
Decrease/(Increase) in Stocks	**14**	(15)
(Increase)/Decrease in Debtors	**(5,225)**	170
Increase in Creditors	**1,083**	2,632
(Decrease) in Provisions	**(114)**	(7)
Increase due to employer pension cost (FRS17)	**(666)**	(1,462)
Net Cash Inflow from Operating Activities	**1,562**	5,908

28. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2009-10	2008-09
	£000	£000
Income from Endowments (note 21)	**40**	49
Income from donations	**412**	-
Income from Short Term Investments	**661**	1,832
Interest paid	**(1,931)**	(1,989)
	(818)	(108)

29. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2009-10	2008-09
	£000	£000
Tangible Assets acquired Fixed Assets (note 12)	**(13,378)**	(7,812)
Endowments Received	**587**	2
Investments acquired	**(22)**	(36)
Receipts from sales of Tangible Assets	**628**	11
Deferred Capital Grants received (note 20)	**2,667**	721
	(9,518)	(7,114)

30. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2009 £000	Cash Flows £000	**At 31 July 2010 £000**
Cash at Bank and in Hand	2,609	(102)	**2,507**
Bank Overdraft (note 17)	(193)	193	**-**
Sub-total		91	
Short-Term Deposits: Current Assets	41,571	(9,892)	**31,679**
Endowment Assets (note 15)	866	544	**1,410**
Sub-total		(9,348)	
Loan (notes 17 and 18)	(39,136)	484	**(38,652)**
Total	5,717	(8,774)	**(3,057)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. 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.

The total pension cost for the University was:

	2009-10	2008-09
	£000	£000
Contributions to USS	**7,181**	6,101
Contributions to AUPS including FRS 17 adjustment	**764**	317
Contributions to Other Pension Schemes	**7**	6
Total Pension Cost	**7,952**	6,424

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

	2009-10	2008-09
	£000	£000
USS	**-**	-
AUPS	**122**	119

USS

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. The institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 “Retirement benefits”, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2008. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and mortality assumptions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.4% per annum, salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion in line with recent experience) and pensions would increase by 3.3% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.3% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 3.3% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the value of the assets of the scheme was £28,843 million and the value of the scheme’s technical provisions was £28,135 million indicating a surplus of £708 million.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. PENSION SCHEMES (continued)

The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 107% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS 17 formulae as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 104%.

The institution contribution rate required for future service benefits alone at the date of the valuation was 16.0% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. USS positioned itself as a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

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 2007 and was updated for FRS 17 purposes by a qualified independent actuary. The material assumptions and other data used by the actuary were:

	2009-10	2008-09	2007-08
Salary scale increases per annum	**4.6%**	4.8%	4.75%
Pension increases per annum (post 1.9.90 joiners)	**3.35%**	3.5%	3.5%
Pension increases per annum (pre 1.9.90 joiners)	**3.6%**	4.0%	4.0%
Discount rate	**5.6%**	6.3%	5.6%
Price inflation	**3.4%**	3.8%	3.75%

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. 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:

	2009-10	2008-09
Retiring today		
Males	**20.9**	20.3
Females	**23.3**	23.1
Retiring in 20 years		
Males	**22.0**	21.3
Females	**24.3**	24.0

The scheme assets and the assumptions on investment returns were:

	Expected long term rate of return	**Value at 31 July 2010 £000**	Expected long term rate of return	Value at 31 July 2009 £000	Expected long term rate of return	Value at 31 July 2008 £000
Equities	**7.00%**	**36,117**	7.00%	30,276	7.30%	30,794
Fixed interest gilts and cash	**4.50%**	**6,927**	4.50%	8,218	4.80%	6,506
Corporate and international bonds	**6.00%**	**6,431**	6.60%	4,757	6.60%	6,072
		49,475		43,251		43,372

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

	2009-10 £000	2008-09 £000	2007-08 £000	2006-07 £000	2005-06 £000
Total market value of assets	**49,475**	43,251	43,372	49,172	44,388
Present value of scheme liabilities	**56,210**	48,572	52,780	47,648	47,348
(Deficit)/Surplus in the scheme - – Net pension (liability)/ asset	**(6,735)**	(5,321)	(9,408)	1,524	(2,960)

Under the terms of an agreement between the University and AUPS, a restricted bank account is in place where in the case of the pension scheme being in deficit the University will make contributions of an agreed value. The accumulated funds will be transferred to AUPS as an additional contribution should the funding position of AUPS fall below an agreed threshold. At 31 July 2010 £363,748 (31 July 2009 £670) had accumulated in the restricted account.

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

	2009-10 £000	2008-09 £000
Service cost	**1,479**	1,729
Past service cost	**-**	-
Total operating charge	**1,479**	1,729

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. PENSION SCHEMES (continued)

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

	2009-10	2008-09
	£000	£000
Expected return on pension scheme assets	**2,790**	2,948
Interest on pension scheme liabilities	**(3,055)**	(2,957)
Net (charge)	**(265)**	(9)

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

	2009-10	2008-09
	£000	£000
Actual return less expected return on scheme assets	**2,680**	(4,286)
Experience gains and losses on scheme liabilities	**(4,760)**	6,920
Changes in assumptions		
Net (loss)/gain recognised in the STRGL	**(2,080)**	2,634

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

	2009-10	2008-09
	£000	£000
At the beginning of the year	**48,572**	52,780
Current service cost	**1,479**	1,729
Interest cost	**3,055**	2,957
Contributions by scheme participants	**30**	7
Actuarial (gains)/losses	**4,760**	(6,920)
Benefits paid	**(1,686)**	(1,981)
At end of year	**56,210**	48,572

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

	2009-10	2008-09
	£000	£000
At the beginning of the year	**43,251**	43,372
Expected rate of return on scheme assets	**2,790**	2,948
Contributions by the employer	**2,410**	3,191
Contributions by scheme participants	**30**	7
Actuarial gains/(losses)	**2,680**	(4,286)
Benefits paid	**(1,686)**	(1,981)
At end of year	**49,475**	43,251

31. PENSION SCHEMES (continued)

History of experience gains or losses

	2009-10	2008-09	2007-08	2006-07	2005-06
Actual return less expected return on scheme assets					
Amount (£000)	**2,680**	(4,286)	(8,271)	2,072	2,729
% of scheme assets	**5%**	(10%)	(19%)	4%	6%
Experience gains and losses on scheme liabilities					
Amount (£000)	**(29)**	(184)	(152)	1,916	0
% of scheme liabilities	**0%**	0%	0%	4%	0%
Total amounts recognised in statement of total recognised gains and losses					
Amount (£000)	**(2,080)**	2,634	(11,332)	4,714	2,833
% of scheme liabilities	**6%**	(26%)	10%	6%	(1%)

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses is a loss of £2,080,000 (2009 £2,634,000 gain).

The University expects to contribute 18.35% of members total pensionable pay to the AUPS in 2010/2011.

32. HARDSHIP FUNDS AND OPPORTUNITY BURSARIES

	2009-10	2008-09
	£000	£000
Balance unspent at 1 August	**(11)**	(28)
HEFCE Grants (see below)	**172**	168
Interest received	**0**	2
Administration costs	**(5)**	(6)
Disbursed to students	**(162)**	(147)
Balance overspent at 31 July	**(5)**	(11)

Funding Council grants are available solely for students: the University acts only as paying agent.
The grants and related disbursements are therefore excluded from the Income and Expenditure Account. Included within Creditors: amounts falling due within one year in note 17 is £5,000 (2009: £11,000) in respect of Hardship money previously disbursed which has been replaced by ESF funding.

33. ASTON STUDENTS' GUILD

The accounts of the Aston Students' Guild are separately audited by Horwath Clark Whitehill.
In accordance with Accounting Policy number 3, the results are not consolidated with the University.

The results to 31 July 2010 are summarised below.

	2009-10	2008-09
INCOME:	**£000**	£000
Block grant from University	**584**	558
Net trading income	**(13)**	(13)
Other income	**114**	93
	685	638
EXPENDITURE:		
Central services	**255**	295
Student services	**359**	349
	614	644
Operating surplus/(deficit)	**72**	(6)
Exceptional items		-
Total surplus / (deficit)	**72**	(6)

The net assets of the Guild are as follows:

Fixed assets	**42**	75
Net current assets/(liabilities)	**89**	(15)
Total net assets	**131**	60

34. FEES PAID TO EXTERNAL AUDITORS

Fees paid to the University's external auditors for the provision of audit services amounted to £29,375 for the University and £5,035 for the subsidiary companies (2008-09 £29,687 for the University and £4,702 for the subsidiary companies). Fees to the auditors for the provision of non-audit services amounted to £81,491 for the University and £Nil for the subsidiary companies (2008-09 £83,404 for the University and £Nil for the subsidiary companies). Non-audit services comprise advice on Corporate structure, taxation matters, and the audit of Capital and Revenue Grants.