

2015/16 Financial Statements

50 years | A University since 1966



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OUR MISSION

To be the UK's leading University for business and the professions, where original research, enterprise and inspiring teaching deliver global impact

OUR VISION

In 2020 Aston will have an international reputation as the source of the people and the ideas that will shape the businesses and the communities of tomorrow



Foreword by
Professor Alec Cameron
Vice Chancellor and Chief Executive

Aston is one of the UK's leading universities across a range of measures. Ranked Top Thirty in every significant university table including the Times Higher Education's 'Table of Tables', The Guardian and the Complete University Guide; we have much to be proud of. The University is a truly international and inclusive institution with students from a total of 140 different countries around the world.

Aston is highly attractive to students as we have long been recognised as a University that equips its students with the skills and knowledge they need to thrive in the workplace. We are ranked 12th best in the UK and 80th in the world for graduate employability, according to the QS Graduate Employability Rankings. Aston University is exceptionally attuned to the needs of business and industry which is why six months after graduating, nearly 80% of Aston Alumni have secured graduate level employment, better than many Russell Group universities.

The University performed very strongly in the National Student Survey once again, receiving an overall satisfaction score of 89%. In the survey, seven Aston degree programmes achieved 100% overall satisfaction, the highest number in the University's history. Aston University strives for continued improvement in this crucial area to ensure ongoing satisfaction of all students.

Our integrated placement year is becoming more and more popular: 73% of our students are spending a year in business, a year abroad, or in pre-registration across subjects allied to medicine. By 2020, our goal is to have 100% of our students taking a work or professional placement.

We are determined to help our students become truly global citizens – in the last academic year 582 students studied at least one foreign language on the free university wide language programme.

Over the last year, we were successful in securing £22m of new research grants – our highest total yet and an increase on our awards from the preceding year. The University aims to continue this growth in research funding.

Our financial performance for 2015-16 was strong and we are continuing to invest in our Campus Master Plan. The new student residences are proving popular, and in the next three years we will replace the current Students' Union building and plan to launch our very own Medical School.

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

With best wishes,

A handwritten signature in blue ink that reads "Alec Cameron". The signature is fluid and cursive, with a long horizontal line extending from the end.

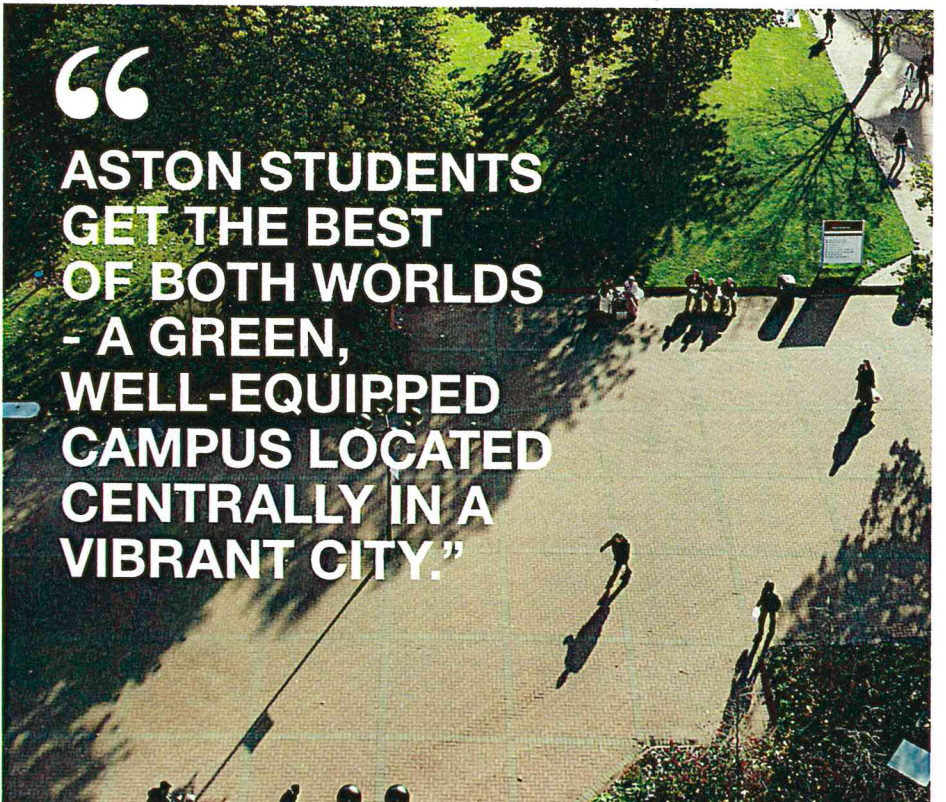
Alec Cameron



A University since 1966

KEY FACTS

- Founded in 1895 and a University since April 1966
- 10,202 undergraduate and 3,960 postgraduate students (Student Numbers 2015/16)
- Exceptional teaching informed by leading research
- A reputation for research that makes a difference to society
- 37% of placement students are offered graduate jobs by their placement employer
- Top 10 in the UK for proportions of graduates achieving professional jobs (Destinations of Leavers from Higher Education survey)
- Top 30 university (Complete University Guide 2017 and The Guardian 2017)
- 89% overall student satisfaction levels (National Student Survey 2016)
- Ranked 29th in the world and 9th in the UK as one of the 'most international universities in the world' (THE World University Rankings, 2016-17)
- A green, 60-acre, self-contained campus located in the centre of Birmingham





Top
10

in the UK for proportions of graduates achieving professional jobs

(DLHE 2014/15)

Ranked
2nd

in the UK in the mock Teaching Excellence Framework

(Times Higher Education)

Top
30

university

(Complete University Guide / The Guardian 2017)

Ranked
21st

in the UK for Student Experience

(Times/Sunday Times Good University Guide 2017)

A University for opportunity

Through widening participation we ensure high potential students from all backgrounds can gain the benefits of university education and the social mobility that comes with professional careers.

This is achieved through working with partner schools locally and supporting schools and colleges more widely, and through student mentoring and volunteering in schools.

Success for all our students is achieved through innovative learning and teaching, while our international outlook makes us a differentiator for employers.

- Creating self-confident, global citizens able to shape the businesses and communities of tomorrow, and to support exceptional graduate employability
- 56% of undergraduate applicants from lower participation backgrounds
- Over 60% from minority ethnic groups
- 73rd in the world and 12th in the UK for graduate employability (QS Grad Employability Rankings 2016)



Excellence in teaching

Many of our degrees enjoy professional accreditation. The quality learning at Aston helps to develop independent critical thinkers through research-informed, professionally-focused courses at undergraduate, Masters and research degree levels.

- 2nd in the UK in the new Teaching Excellence Framework (Times Higher Education 2016)
- 86.2% of our students achieve First or Upper Second Class degrees, the 9th highest proportion in the UK (Times/Sunday Times Good University Guide 2017)
- Over 70% of degrees with teaching quality ratings of 22/24 or higher (QAA)

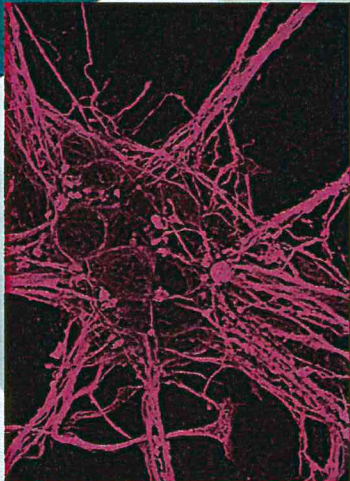
78%

of research
deemed World
Leading or
Internationally
Excellent in the
REF 2014



MIDLANDS
INNOVATION

Members
of Midlands
Innovation



Excellent
research
performance



+£22m

Total research awards 2015/16

Academic Schools

ASTON BUSINESS SCHOOL

- Led by Executive Dean, Professor George Feiger
- Subject areas: Law, Marketing, Business & Languages, International Business, Accounting & Finance, IT & Computing, Economics, Human Resource Management

SCHOOL OF ENGINEERING & APPLIED SCIENCE

- Led by Executive Dean, Professor Ian Nabney
- Subject areas: Computer Science, Mathematics, Electrical, Mechanical, Chemical Engineering, Chemistry, Physics, Logistics

SCHOOL OF LIFE & HEALTH SCIENCES

- Led by Executive Dean, Professor Chris Hewitt
- Subject areas: Audiology, Biology & Biomedical Science, Biomedical Engineering, Neuroscience, Optometry, Pharmacy and Psychology

SCHOOL OF LANGUAGES & SOCIAL SCIENCES

- Led by Executive Dean, Professor Simon Green
- Subject areas: English Language, Languages and Translation Studies, Politics and International Relations as well as Sociology and Policy

ASTON MEDICAL SCHOOL

- Opened its doors to postgraduate research students in 2015
- Undergraduate MBChB programme expected to take its first students in 2018

Research

Ranging from discovery of new knowledge to application and exploitation, Aston research teams work closely with business, government, services and communities to provide innovative practical answers to real problems.

World-leading research centres include the Aston Brain Centre; the Photonics Institute; the European Bioenergy Research Institute; Aston Research Centre for Healthy Ageing; Aston Centre for Interdisciplinary Research into Language and Diversity; Aston Centre for Europe and the Centre for Forensic Linguistics.

- 78% of research submitted is evaluated as World Leading or Internationally Recognised

Partnerships and business engagement

We pride ourselves in building strong relationships with business, professional and public sector organisations

through placements, collaborative research and consultancy. Collaborative funding schemes include Knowledge Transfer Partnerships and European Commission funding, and partnership activities deliver real benefits to SMEs in the West Midlands through graduate placements and graduate entrepreneurship BSEEN (Birmingham Skills for Enterprise and Employability Network).

International

Increasing our international research collaborations and establishing joint international research centres, builds our international reputation for research excellence. By continuing to increase the numbers of leading international researchers, we are building a diverse international community.

We are developing global citizens through language skills and international placements for UK and overseas students, and developing joint courses with institutions overseas.

People and values

Aston's culture is built on trust, learning and scholarship, empowerment, engagement, innovation and ambition.

A consistently high performance culture is delivered through the best people; reward, recognition and appreciation; staff development; leadership; community; communication and engagement; the environment and operational excellence.

We seek to eliminate discrimination and positively promote equality and diversity. Our policies aim to ensure fair and consistent employment practices for staff; fair admissions, teaching, learning and assessment processes for students and a positive working environment that promotes dignity and respect for all.

Infrastructure - a sustainable, integrated campus

Our mission is to deliver and maintain a sustainable campus and infrastructure that enhances the student experience and provides high quality accommodation. The campus provides space that is accessible, efficient, flexible and responds to the needs of all our users.

- The campus houses student accommodation, the Library, Careers and Employability Centre and health and welfare facilities
- Extensive IT facilities offer 24 hour access and WiFi access
- A wide choice of places to eat and socialise
- Great sports facilities include two large sports halls, a 100 station gym, 25m swimming pool, aerobics rooms, squash courts and all-weather floodlit sports pitches.

Operating and Financial Review

Aims and Objectives

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

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

Public Benefit Statement

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

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

Details on the University's public benefit work can be found on the University's website.

The Future

We have some significant challenges to deal with across the sector over the next few years. These include the impact of Brexit, increasing competition nationally and globally, changes in government policy, reduction in funding for infrastructure and key demographic changes.

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

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

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

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

Our energies on the student learning experience will continue to focus on development of independent critical thinkers, through research-informed, professionally-focused programmes, using problem and case-based learning approaches. Further investment in learning spaces will facilitate this, as will encouraging the continuing professional development (CPD) of our staff and innovative methods of the delivery of learning.

We will continue to build on our excellent National Student Survey and Teaching Excellence Framework results, by continuing to improve student learning opportunities and learning support.

Our reputation for transformational research continues to grow and we will be building on our excellent record of gaining grants over the past years and keeping up the momentum on the production of high quality papers and dissemination in preparing for REF2020. Our relationship with businesses, communities and the professions remains strongly at the centre of what we do, as it has since our inception in 1895.

Increasingly our activities have a global reach. We have more than 140 countries represented on campus and we are now expanding our reach by running programmes with partners across the world.

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



Financial Summary

These financial statements have been prepared for the first time in accordance with the Financial Reporting Standard 102 (FRS 102) and includes prior years' results for comparative purposes.

The impact of the changes arising from the conversion to FRS 102 compared to UK GAAP for 2015-16 can be summarised as follows:

	At 31 July 2016
	Group
	£'000
Total Reserves Under 2007 SORP	93,345
USS Pension Provision	(19,205)
Land Revaluation	36,517
Building Revaluation	18,417
Government Grants - Capital	(19,961)
Annual Leave Accrual	(2,477)
Heritage Assets	709
Total Effect of Transition to FRS102	14,000
Total Reserves Under 2015 SORP	107,345
	Group
	£'000
Operating Surplus Before Tax Under 2007 SORP	4,916
USS Pension Provision	(1,339)
Actuarial Loss of AUPS	(9,452)
Depreciation	811
Non-Government Grants - Capital	248
Annual Leave Accrual	(37)
Donations	490
Total Effect of Transition to FRS102	(9,279)
Total Comprehensive Income Under 2015 SORP	(4,363)

The notes in this financial review are based on the reported statements, under FRS 102.

The underlying strength of the University continues to develop with total income rising by 9.0% to £150.3m. Given the increasingly competitive nature of the sector, this represents a significant achievement. Key drivers of

growth include an increasing student population due to successful year on year recruitment, increased research grant capture and improved commercial income streams.

These income sources have been offset by reductions in teaching grant provided by HEFCE as the continued impact of the new regime for tuition fees works through the sector. For 2015-16, grant funding provided by HEFCE accounts for just under 10% of the total income.

Costs have decreased to £145.4m due to the impact of a reduced USS pension charge of £1.3m (2014-15 £9.8m), offset by increased pension and NI contributions, continued investment in academic capacity and investing in the student experience.

The operating surplus before taxation (excluding USS pension charge of £1.3m) was £6.3m (4.2% of income), an improvement of £4.0m over the prior year. The University is committed to improving its financial performance in order to invest in its people and estate in order to deliver exceptional teaching and research.

Cash increased by £12.0m in the year, an improvement of £0.8m on the previous year. Overall, and after investments of £10.4m in improving our estate and facilities, the University ended the year with an improved cash and investments balance of £40.3m.

Student Population

The overall number of students continues to increase year on year with the total population approaching 15,000 in 2015-16, with 71% of students studying at undergraduate level and 29% at postgraduate level. Home and EU students represent 80% of the population with the remainder coming from the overseas market. Local students (from Birmingham and the West Midlands) are a significant feature of our student profile, representing 35% of the overall total.

Teaching Income

The taper of HEFCE grant funding since the introduction of the £9,000 student fee regime has meant that the funding council grants have now reduced by 43.1% over a 5 year period from £34.3m in 2010-11 to £14.8m in 2015-16. Over the same period tuition fees have risen from £52.6m in 2010-11 to £91.1m in 2015-16. Taking both income streams together, there has been a 21.9% rise in tuition fee and teaching grant income across the last 5 financial years.

Research Income

Research income relating to 2015-16 was £14.9m, including £0.7m (2014-15: £0.9m) of income from a corporation tax credit scheme (Research and Development Expenditure Credit) which is non-recurring in the future.

Adjusting for the effect of the RDEC credit, research income was £0.8m higher than the previous year, an increase of 5.6%. The University continues to invest in research capability including additional staff members, complementary skill sets and research facilities.

Other Income

Other operating income was £28.0m and this includes £14.3m (2014-15: £12.5m) relating to a service concession arrangement for student accommodation that has been included within the accounts for the first time following adoption of FRS 102. Residences, catering, sport, nursery and conference income make up large majority of other operating income and are on par with 2014-15.

Staff Costs

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

Staff costs (excluding USS pension charge of £0.8m) increased by 1.2% to £75.5m, representing 50% of income. Basic salary costs reduced by £0.6m from 2014-15 following a lower number of average FTEs over the year and due to a number of vacant posts to be filled. This was offset by an increase in National Insurance and pension contributions and provisions in the year.

Pensions

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

USS has taken steps to manage its liabilities by amending its scheme so that from 01 October 2012 new members' pensions are calculated on a Career Revalued Basis (CRB) rather than a final salary basis and employees, as well as the employers, will contribute towards pension deficits.

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

Aston University Pension Scheme (AUPS) is a career average scheme and the University will continue to take advice and consult with trustees about measures to ensure the scheme's funding position.

The AUPS deficit reported under FRS 102 has increased to £10.3m after the annual actuarial review. This is predominantly due to changes in mortality rates and market volatility, and further information can be found in the financial statements, note 25. The USS provision increased to £19.2m in 2015/16 from £17.9m in 2014/15.

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

Other Operating Expenses

Other operating expenses increased by £7.1m. This increase is partly represented by £1m as start-up costs for the new Aston Medical School, demolition of buildings in order to create new high quality teaching and research



facilities £0.6m, change in service concession costs relating to student accommodation £1.8m, increased academic expenditure in line with increased student numbers £2.2m and various ASV legal costs £0.8m.

Capital Expenditure

The University continues to invest in its estate in order to modernise and extend its facilities for high quality teaching and research with net expenditure of £10.4m during the year.

Works completed in 2015-16 focused on development of the Aston Laboratory for Immersive Virtual Environments (ALIVE), the CDIO (Conceive, Design, Implement, Operate) project space and construction of our new Nursery for staff and students.

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

Balance Sheet

The Group continues to maintain a strong balance sheet with total net assets of £107.3m. Critically, and arising from the adoption of FRS102, our balance sheet includes provision for £19.2m relating to the University's share of the USS pension scheme deficit. In addition, a further provision of £10.3m is included relating to AUPS. These provisions have been offset through the revaluation of our estate, including land. The University has long term bank loans outstanding of £38.8m.

Cash Flow and Investment Performance

Cash and short term investments have increased by £12.0m during the year in total for operating and endowment cash. A key reason for the increase was the re-profiling of the capital programme which resulted in lower cash outflow than expected and the improved operating surplus. Interest payable on outstanding loans has remained constant this year at £1.5m.

The average rate of return generated by bank interest on the Group and University cash deposits was 0.54% (2014-15: 0.75%). The interest rates that the University is currently able to attract range between 0.25% and 1.35% depending on the length of time the deposit is placed for.

Scope of the Financial Statements

The Financial Statements for the year ended 31 July 2016 comprise the results of the University and its operating subsidiaries, Conference Aston Limited, which manages the University's conference facilities and associated activities, Aston Particle Technologies Limited which provides research and development for particle engineering technology and Optimus Energy Limited, which manages the commercialisation of bioenergy research (dormant from 01 August 2016).

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

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2015). The financial reporting framework that has been applied is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.



*Dr Paul Golby, CBE FREng
Pro-Chancellor and Chair of Council
28th November 2016*



Corporate Governance Statement

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

Governance Structure

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

The University is committed to exhibiting current best practice in all aspects of corporate governance. The University Council has adopted the recommendations of the Committee of University Chair's (CUC) Higher Education Code of Governance which is reflected in the Statement of the Council's Primary Responsibilities:

(<http://www1.aston.ac.uk/about/university-governance/council/statement-of-the-councils-primary-responsibilities/>).

Council

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

The Council is responsible for the approval of plans for the on-going strategic direction of the University, approval of major developments and the receipt of regular reports from Executive Officers on the day-to-day operations of its business and its subsidiary companies.

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

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

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

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



Senate

The Senate is the supreme academic authority of the University, responsible for the award of degrees, and for the regulation and superintendence of academic programmes (teaching and research).

It also regulates the admission, examination and discipline of students, and has responsibility for the oversight and maintenance of academic standards, exercised through its Learning and Teaching and Research Committees.

Sub Committees of the University Council

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

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

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

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

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

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

Executive

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

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

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

Internal Control

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

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

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

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

Financial Control

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

To ensure these, Council has approved Finance and Governance Regulations, detailing: financial controls and procedures, as well as processes for risk management, prevention of corruption, fraud and bribery, and

management of conflicts of interest. The regulations are approved by Council and subject to regular review. The University has clearly defined and formalised requirements for approval and control of expenditure including decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council.

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

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

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

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

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

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

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

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

Risk Management

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

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

Risk Management - Continued

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

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

In order to provide assurance that the above process is operating effectively, Internal Audit undertakes an annual review of elements of the University's procedures for governance and risk management, and its arrangements to promote value for money, as well as the underlying control and monitoring processes. The Internal Audit Annual Report 2015-16 concluded that overall, in the areas examined, the risk management activities and controls in business critical areas was generally satisfactory.

Accounting Basis

The Council has ensured that suitable accounting policies are selected and applied consistently; judgements and estimates are made that are reasonable and prudent; applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

Going Concern

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

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

Responsibilities and Membership of Council

The primary responsibilities of Council are:

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

For the full set of primary responsibilities refer to:

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



The Council Membership During 2015-16

Ex-Officio

Sir John Sunderland
The Chancellor

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

Julia E King, DBE FREng The Baroness Brown of
Cambridge (until 11 October 2016)
The Vice-Chancellor and Chief Executive

Professor Alec Cameron (from 12 October 2016)
The Vice-Chancellor and Chief Executive

Professor Helen Higson, OBE
Deputy -Vice-Chancellor and Provost

Professor Asif Ahmed
*Pro-Vice-Chancellor and Executive Dean of the Aston
Medical School*

Professor Bjorn Birgisson
*Pro-Vice-Chancellor and Executive Dean of the School of
Engineering and Applied Science (to 12 August 2016)*

Professor Ian Nabney
*Acting Pro-Vice-Chancellor and Executive Dean of the
School of Engineering and Applied Science (from 12
August 2016)*

Professor George Feiger
*Pro-Vice-Chancellor and Executive Dean of the Aston
Business School*

Professor Simon Green
*Pro-Vice-Chancellor and Executive Dean of the School of
Languages & Social Sciences*

Professor Chris Hewitt
*Pro-Vice-Chancellor and Executive Dean of the School of
Life & Health Sciences*

Mr Alan Charters
Chief of Operations and Estates

Mr Neil Scott
Chief Financial Officer

Appointed

Ms Amanda Allen *(from 01 August 2016)*

Ms Dorian Chan

Mr Rob Perrins

Dr Melanie Gibbs *(from 01 August 2016)*

Mr Lance Doughty

Mr Stuart Doughty, CMG

Mr Toby Lewis

Mr Surinder Sharma

Mr Mike Wright *(from 01 August 2016)*

Ms Alison Trauttmansdorff-Weinsberg

Mr Kevin Morley

Mr Vij Randeniya

Mr Colin Parker

Ms Sue Noffke

Mr Ed Lewis

Mr Ahmed Hassan *(Student Representative - from 01
August 2016)*

Mr Mohamed Ibrahim *(Student Representative -from 01
August 2016)*

Mr Marcus Standish *(Student Representative)*

Mr Jordan Kirkwood *(Student Representative)*

Dr Fiona Lacey *(Staff Representative)*

Professor Alison Hodge, MBE *(Staff Representative)*

Dr Andrew Devitt *(Staff Representative)*

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



Independent Auditor's Report to the Council of Aston University

We have audited the group and University financial statements (the "financial statements") of Aston University for the year ended 31 July 2016. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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

Respective Responsibilities of the Council and Auditor

As explained more fully in the Statement of Responsibilities of the Council set out on page 12 the Council is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Operating and Financial Review to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit.

If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and University's affairs as at 31 July 2016, of the Group's

and University's income and expenditure, gains and losses and of the Group's cash flows for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's 'Accounts direction to higher education institutions for 2015-16 financial statements'.



Opinion on Other Matters Prescribed in the HEFCE Audit Code of Practice (Effective from 01 August 2014) Issued Under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Group and the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's Accounts direction to higher education institutions for 2015-16 financial statements have been met.

30/11/16

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

CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 JULY 2016

	Note	Year Ended 31 July 2016		Year Ended 31 July 2015	
		Group £000	University £000	Group £000	University £000
INCOME					
Tuition fees and education contracts	2	91,157	91,157	76,914	76,914
Funding body grants	3	14,824	14,824	18,928	18,928
Research grants and contracts	4	14,945	14,945	14,435	14,435
Other operating income	5	27,977	24,362	26,096	22,833
Investment income	6	173	173	125	125
Donations and endowments	7	1,245	1,245	1,449	1,449
Total Income		150,321	146,706	137,947	134,684
EXPENDITURE					
Staff costs	8	76,343	75,408	84,199	83,332
Other operating expenses		58,256	56,362	51,173	47,955
Depreciation / Amortisation	12	8,755	8,712	8,415	8,366
Interest and other finance costs	9	2,032	2,032	1,714	1,714
Total Expenditure		145,386	142,514	145,501	141,367
SURPLUS BEFORE OTHER GAINS/ (LOSSES)		4,935	4,192	(7,554)	(6,683)
Loss on disposal of fixed assets		(128)	(128)	1,135	1,135
(Loss) / gain on investments		(73)	(280)	31	31
SURPLUS BEFORE TAX		4,734	3,784	(6,388)	(5,517)
Taxation	11	(256)	(143)	(214)	(730)
SURPLUS FOR THE YEAR		4,478	3,641	(6,602)	(6,247)
Actuarial loss on pension schemes	25	(8,841)	(8,841)	291	291
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR		(4,363)	(5,200)	(6,311)	(5,956)
Represented by:					
Endowment comprehensive income		(17)	(17)	(4)	(4)
Restricted comprehensive income		95	95	1,153	1,153
Unrestricted comprehensive income		(4,441)	(5,278)	(7,460)	(7,105)
		(4,363)	(5,200)	(6,311)	(5,956)

All income and expenditure relates to continuing operations.

The notes on pages 19 to 54 form part of the financial statements.

CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES**AS AT 31 JULY 2016**

GROUP	Income and Expenditure Account			Total
	Endowment £000	Restricted £000	Unrestricted £000	£000
Balance at 1 August 2014	1,322	900	115,797	118,019
Surplus/(deficit) from the income and expenditure statement	(20)	1,169	(7,751)	(6,602)
Other comprehensive income	-	-	291	291
Transfers between reserves	16	(16)	-	-
Total Comprehensive Income and Expenditure for the year	(4)	1,153	(7,460)	(6,311)
Balance at 1 August 2015	1,318	2,053	108,337	111,708
Surplus/(deficit) from the income and expenditure statement	(17)	95	4,400	4,478
Other comprehensive income	-	-	(8,841)	(8,841)
Total Comprehensive Income and Expenditure for the year	(17)	95	(4,441)	(4,363)
BALANCE AT 1 AUGUST 2016	1,301	2,148	103,896	107,345

UNIVERSITY	Income and Expenditure Account			Total
	Endowment £000	Restricted £000	Unrestricted £000	£000
Balance at 1 August 2014	1,322	900	115,322	117,544
Surplus/(deficit) from the income and expenditure statement	(20)	1,169	(7,396)	(6,247)
Other comprehensive income	-	-	291	291
Transfers between reserves	16	(16)	-	-
Total Comprehensive Income and Expenditure for the year	(4)	1,153	(7,105)	(5,956)
Balance at 1 August 2015	1,318	2,053	108,217	111,588
Surplus/(deficit) from the income and expenditure statement	(17)	95	3,563	3,641
Other comprehensive income	-	-	(8,841)	(8,841)
Total Comprehensive Income and Expenditure for the year	(17)	95	(5,278)	(5,200)
BALANCE AT 1 AUGUST 2016	1,301	2,148	102,939	106,388

CONSOLIDATED AND UNIVERSITY BALANCE SHEET**AS AT 31 JULY 2016**

	Note	As at 31 July 2016		As at 31 July 2015	
		Group £000	University £000	Group £000	University £000
Non-Current Assets					
Intangible Assets	12b	553	553	709	709
Fixed Assets	12a	175,949	175,871	174,245	174,153
Heritage Assets	13	709	709	709	709
Fixed Asset Investments	15	94	94	158	364
Current Assets					
Stock	16	30	30	21	21
Trade and other receivables	17	22,069	22,646	25,566	25,254
Investments	18	148	148	141	141
Cash and cash equivalents	19	40,304	38,019	28,273	27,565
		<u>62,551</u>	<u>60,843</u>	<u>54,001</u>	<u>52,981</u>
Creditors: amounts falling due within one year	20	<u>(45,407)</u>	<u>(44,691)</u>	<u>(40,813)</u>	<u>(40,028)</u>
Net Current Assets		<u>17,144</u>	<u>16,152</u>	<u>13,188</u>	<u>12,953</u>
Creditors: amounts falling due after more than one year	21	<u>(57,202)</u>	<u>(57,202)</u>	<u>(58,350)</u>	<u>(58,350)</u>
Provisions					
Pension provisions	22	<u>(29,784)</u>	<u>(29,784)</u>	<u>(18,945)</u>	<u>(18,945)</u>
Other provisions	22	<u>(118)</u>	<u>(5)</u>	<u>(6)</u>	<u>(5)</u>
TOTAL NET ASSETS		<u><u>107,345</u></u>	<u><u>106,388</u></u>	<u><u>111,708</u></u>	<u><u>111,588</u></u>
Restricted Reserves					
Income and expenditure - endowment reserve	23	1,301	1,301	1,318	1,318
Income and expenditure - restricted reserve	24	2,148	2,148	2,053	2,053
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		<u>103,896</u>	<u>102,939</u>	<u>108,337</u>	<u>108,217</u>
TOTAL RESERVES		<u><u>107,345</u></u>	<u><u>106,388</u></u>	<u><u>111,708</u></u>	<u><u>111,588</u></u>

The financial statements were approved by the Council on 28th November 2016, and were signed on its behalf by the Pro Chancellor and the Vice-Chancellor as the principal office holders, as defined in the Financial Memorandum.



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



Professor Alec Cameron
Vice - Chancellor

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2016

	Note	For the Year Ended 31 July 2016 £000	For the Year Ended 31 July 2015 £000
Cash Flow From Operating Activities			
Surplus for the year		4,478	(6,602)
Adjustment for non-cash items			
Depreciation	12	8,755	8,415
Loss/(Gain) on investments		73	(31)
(Increase)/decrease in stock	16	(8)	11
Decrease/(increase) in receivables	17	3,497	(2,967)
Increase/(decrease) in creditors	20	3,905	(3,496)
Increase in pension provision		1,999	9,421
Increase in other provisions	22	112	5
Fixed Asset Impairment		-	2,661
Adjustment for investing or financing activities			
Investment income	6	(173)	(125)
Interest and other finance costs	9	2,032	1,714
Endowment income	23	(28)	(25)
Loss/(Profit) on the sale of fixed assets		128	(1,135)
Net cash inflow from operating activities		24,770	7,846
Cash Flow From Investing Activities			
Proceeds from sales of fixed assets		-	7,240
Disposal of non-current asset investments		64	257
Withdrawal of deposits		(107)	15
Investment income		173	125
Payments made to acquire tangible assets		(9,818)	(6,261)
New deposits	23	28	-
		(9,660)	1,376
Cash Flow From Financing Activities			
Interest paid	9	(2,032)	(1,714)
Endowment cash received	23	28	25
Repayments of amounts borrowed	21	(1,077)	(1,016)
New secured Loans		-	5,000
Capital element of finance lease and service concession payments		2	(312)
		(3,079)	1,983
Increase In Cash and Cash Equivalents in the Year		12,031	11,205
Cash and cash equivalents at beginning of the year	19	28,273	17,068
Cash and cash equivalents at end of the year	19	40,304	28,273

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements except as noted below.

Basis of Consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2016. The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Income and Expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation. Associated companies and joint ventures are accounted for using the fair value method. The consolidated financial statements do not include the income and expenditure of Aston Students' Union or Aston University Engineering Academy as the University does not exert control or dominant influence over the policy decisions for these entities.

Recognition of Income

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied. Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships which are not offered as a deduction on fees are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of income and expenditure on a receivable basis.

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

Grant Funding

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

Grants (including research grants) from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1. Accounting Policies - Continued

Donations and endowments

Donations and endowments are non-exchange transactions without performance related conditions. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or restrictions applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

Accounting for retirement benefits

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and Aston University Pension Scheme (AUPS). These are defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities belonging to individual institutional members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

Further details of the pension schemes are given in note 25.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1. Accounting Policies - Continued

Employment Benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused.

Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Service Concession Arrangements

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated to service costs to reduce the financial liability to nil over the life of the arrangement.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Any lease premia or incentives are spread over the minimum lease term.

Foreign Currency Translation

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**1. Accounting Policies - Continued****Fixed Assets*****Land and Buildings***

Land and Buildings are stated at cost less accumulated depreciation and accumulated impairment losses. Certain buildings that had been revalued to fair value on or prior to 1 August 2014 are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Depreciation and impairment losses are subsequently charged on the revalued amount.

Where parts of a fixed asset have different useful lives, they are accounted for as separate components for the purposes of charging depreciation.

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

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

New buildings and extensions	40 - 50 years
Refurbishments	10 - 20 years
Building Improvements	10 - 15 years

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. No depreciation is charged on assets in the course of construction.

Equipment

Equipment costing less than £10,000 per individual item is recognised as expenditure in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated on a straight line basis over its useful economic life as follows:

Large multifunctional research / teaching /corporate systems	5-10 years
Virtual learning platforms, computer equipment and software	3-5 years
Equipment acquired for specific research projects	1-5 years
Motor Vehicles and General Equipment	3-5 years

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

Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1. Accounting Policies - Continued

Heritage Assets

Works of art and other valuable artefacts and valued at over £10,000 have been capitalised and recognised at cost or value on acquisition, where such a valuation is reasonably obtainable. Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

Intangible Assets

Intangible assets costing or valued at over £10,000 are capitalised upon acquisition. If internally developed, intangible assets are capitalised at their market value. They will then be amortised on a systematic basis over their useful economic lives which will not exceed 5 years.

Intangible assets are subject to periodic impairment reviews as appropriate.

Investments

Non-current asset investments are held on the Balance Sheet at amortised cost less impairment.

Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the University's accounts.

Stock

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

Cash and Cash Equivalents

Cash includes cash in hand, cash at bank, and deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the financial statements when:

- the University has a present legal or constructive obligation as a result of a past event,
- it is probable that an outflow of economic benefit will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1. Accounting Policies - Continued

Provisions, Contingent Liabilities and Contingent Assets - Continued

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011 it is therefore a charity within the meaning of Paragraph 1 Schedule 6 Finance Act 2010 and accordingly the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

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

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

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1. Accounting Policies - Continued

Significant Judgements and Estimates

In the application of the Group's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors as set out in note 31. Actual results may vary from the accounting estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in either the period of revision or the period of revision and all future periods if appropriate.

Pensions

The institution participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme.

As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

Transition to 2015 SORP

The University is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to the FE and HE SORP 2015 has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 32.

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

Fair Value and Revaluation at Deemed Cost

Fair value or revaluation as deemed cost – at 1 August 2014, fair value has been used for deemed cost for certain properties measured at fair value.

Lease Incentives

The University will continue to recognise the residual benefit or cost associated with lease incentives on the same basis as that applied at the date of transition to FRS102

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. Tuition Fees and Education Contracts

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
Home and EU Students	67,605	67,605	51,386	51,386
Overseas Students	20,910	20,910	22,227	22,227
Other Tuition	1,728	1,728	2,194	2,194
Research Studentship Grants	914	914	1,107	1,107
	91,157	91,157	76,914	76,914

3. Funding Body Grants

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
Recurrent Grants				
Higher Education Funding Council	11,957	11,957	14,201	14,201
Capital Grant	1,426	1,426	1,576	1,576
Specific Grants				
Higher Education Innovation Fund	1,036	1,036	1,585	1,585
Other	405	405	1,566	1,566
	14,824	14,824	18,928	18,928

4. Research Grants And Contracts

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
Research Councils	4,185	4,185	3,490	3,490
Research Charities	1,086	1,086	1,303	1,303
Government (UK)	1,876	1,876	848	848
Government (Overseas)	4,976	4,976	5,777	5,777
Industry and Commerce	1,083	1,083	866	866
Other	870	870	993	993
Deferred Grant Income	177	177	214	214
Research and Development Expenditure Credit (RDEC)	692	692	944	944
	14,945	14,945	14,435	14,435

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**5. Other Operating Income**

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
Service Concession Arrangement	14,305	14,305	12,503	12,503
Residences, Catering, Conferences, Nursery and Sports and Recreation	8,608	3,051	8,384	3,308
Other Revenue Grant Income and Erasmus	1,211	1,211	1,815	1,815
Rents, and Hire of Rooms and Land	810	810	752	752
Release of Non- HEFCE deferred Capital Grant	700	700	380	380
Other Income and Services Rendered	2,343	4,285	2,262	4,075
	<u>27,977</u>	<u>24,362</u>	<u>26,096</u>	<u>22,833</u>

6. Investment Income

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
Investment Income on Endowments	20	20	22	22
Investment Income on Restricted Reserves	29	29	26	26
Other Investment Income	124	124	77	77
	<u>173</u>	<u>173</u>	<u>125</u>	<u>125</u>

7. Donations and Endowments

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
New Endowments	28	28	25	25
Donations with Restrictions	1,174	1,174	1,337	1,337
New Donations	43	43	87	87
	<u>1,245</u>	<u>1,245</u>	<u>1,449</u>	<u>1,449</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**8. Staff Costs**

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
Salaries	56,994	56,275	57,574	56,904
Social Security Costs	5,132	5,073	4,615	4,562
Employers Pension Contributions	12,488	12,331	12,012	11,868
Movement on USS Provision	795	795	9,558	9,558
Other Staff Costs	934	934	440	440
	<u>76,343</u>	<u>75,408</u>	<u>84,199</u>	<u>83,332</u>

Emoluments of the Vice Chancellor Professor Dame Julia King:

	2015-16 £000	2014-15 £000
Salary in Respect of the Current Year	321	322
Performance Related Pay in Respect of the Current Year	28	25
	<u>349</u>	<u>347</u>

The Vice Chancellor was awarded a performance related payment of £28,000 (2014-15: £25,000) of which £11,250 (2014-15: £10,000) was donated to the University through salary sacrifice. The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff below, i.e. excluding employer's social security and pension contributions and including benefits in kind. The Vice Chancellor ceased active membership of USS in April 2012 and therefore there were no employer contributions in 2015-16 or 2014-15. The University accrued contributions including interest of £51,257 (2014-15: £50,797) in respect of an unregistered, unfunded, retirement benefits scheme.

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

	2015-16 Number	2014-15 Number
£100,000 - £109,999	9	5
£110,000 - £119,999	9	9
£120,000 - £129,999	5	3
£130,000 - £139,999	2	4
£140,000 - £149,999	-	1
£150,000 - £159,999	1	2
£160,000 - £169,999	1	-
£170,000 - £179,999	-	1
£200,000 - £209,999	1	
£210,000 - £219,999	-	1
£260,000 - £269,999	1	-
£280,000 - £289,999	1	-

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**8. Staff Costs - Continued**

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

	2015-16	2014-15
	£000	£000
Compensation payable	75	161

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

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

	2015-16	2014-15
	Number	Number
Academic	609	588
Technical	50	53
Administrative	350	375
Clerical, Manual and Other	384	431
	<u>1,393</u>	<u>1,447</u>

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

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel. Aston University has the following Key Management Personnel:

Vice Chancellor and Chief Executive
 Provost and Deputy Vice- Chancellor
 Pro - Vice Chancellor for Health
 Pro - Vice Chancellor for International Relations
 Pro - Vice Chancellor for Research and Enterprise
 Pro - Vice Chancellor and Executive Dean of Aston Business School
 Pro - Vice Chancellor and Executive Dean of the School of Engineering and Applied Science
 Pro - Vice Chancellor and Executive Dean of the School of Languages and Social Science
 Pro - Vice Chancellor and Executive Dean of the School of Life and Health Sciences
 Chief Financial Officer
 Chief of Operations and Estates
 Executive Director of Campaigns
 Executive Director of Marketing Strategy and Communications

	Year Ended	Year Ended
	31 July 2016	31 July 2015
	£000	£000
Key Management Personnel Compensation	<u>2,921</u>	<u>2,601</u>
	<u>2,921</u>	<u>2,601</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**8. Staff Costs- Continued**

The University's Council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of Council being drawn from local, public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of Council may have an interest.

All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arm's length and in accordance with the University's Financial Regulations and normal procurement procedures.

Related parties were identified by examining returns submitted by members of Council and senior management team members for the financial year 2015-16, as well as performing an online check via Creditsafe.

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

	Income Transactions £000	Expenditure Transactions £000	Balance due to / (from) the University £000
Aston Student Villages	1,044	-	68
Birmingham Children's Hospital	392	105	92
University of Leicester	-	1,016	-
Capgemini UK PLC	228	-	11
National Grid PLC	315	-	-

Aston Student Villages

One member of Council is a Trustee.

Birmingham Children's Hospital

One member of Council is on the Board.

National Grid PLC

One member of Council is a non-executive Director.

Capgemini UK PLC

One member of Council is an employee.

University of Leicester

One member of Council's partner is a member of the University of Leicester's Council.

Expenses are paid to or on behalf of Council members for travel and subsistence incurred in attending meetings and events in their official capacity. This is immaterial to the financial statements for the years ending 31 July 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**9. Interest and Other Finance Costs**

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
Loan Interest	1,484	1,484	1,469	1,469
Net Charge on Pension Scheme	548	548	245	245
	<u>2,032</u>	<u>2,032</u>	<u>1,714</u>	<u>1,714</u>

10. Analysis of Total Expenditure by Activity

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
Academic and Related Expenditure	63,234	63,234	60,178	60,178
Administration and Central Services	27,215	27,215	26,414	26,414
Service Concession Arrangement	14,305	14,305	12,503	12,503
Premises	16,827	16,827	17,183	17,184
Residences, Catering and Conferences	5,118	2,023	4,984	2,045
Research Grants and Contracts	10,703	10,703	10,374	10,374
Other Expenses	7,984	8,207	13,865	12,669
	<u>145,386</u>	<u>142,514</u>	<u>145,501</u>	<u>141,367</u>

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
Other Operating Expenses Include:				
External Auditors Remuneration in Respect of Audit Services	47	43	32	28
External Auditors Remuneration in Respect of Non-Audit Services	102	100	130	113
Operating Lease Rentals	118	118	123	123
Maintenance of Land and Buildings	7,353	7,353	5,077	5,077

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

11. Taxation

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

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
UK Corporation Tax of 20% (2014-15: 20.67%) on Surplus/ (Deficit) for the Year	250	143	214	730
Deferred Tax: Origination and Reversal of Timing Differences	6	-	-	-
	<u>256</u>	<u>143</u>	<u>214</u>	<u>730</u>

Factors Affecting the Tax Charge:

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

	2015-16 £000	2014-15 £000
Surplus Before Taxation	6,775	1,081
Surplus Multiplied by the Standard Rate of Corporation Tax in the UK of 20% (2014-15: 20.67%)	1,355	223
Deficit Falling Within Charitable Exemption	(1,099)	(9)
Current Tax Charge	<u>256</u>	<u>214</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**12a. Fixed Assets**

GROUP	Land and Buildings		Equipment		Total
	Freehold	Construction in Progress	Equipment	Work in Progress	
	£000	£000	£000	£000	
Valuation / Cost					
At 1 August 2015	164,506	4,607	49,287	477	218,877
Additions at Cost	-	6,097	1,349	2,848	10,294
Transfers	5,734	(6,693)	3,960	(3,001)	-
Disposals	-	-	(220)	-	(220)
At 31 July 2016	170,240	4,011	54,376	324	228,951
Depreciation					
At 1 August 2015	6,994	-	37,637	-	44,631
Charge for Year	5,628	-	2,833	-	8,461
Disposals	-	-	(90)	-	(90)
At 31 July 2016	12,622	-	40,380	-	53,002
Net Book Value at 31 July 2016	157,618	4,011	13,996	324	175,949
Net Book Value at 31 July 2015	157,511	4,607	11,650	477	174,245

UNIVERSITY	Land and Buildings		Equipment		Total
	Freehold	Construction in progress	Equipment	Work in Progress	
	£000	£000	£000	£000	
Valuation / Cost					
At 1 August 2015	164,506	4,607	49,012	477	218,602
Additions at Cost	-	6,097	1,320	2,848	10,265
Transfers	5,734	(6,693)	3,960	(3,001)	-
Disposals	-	-	(220)	-	(220)
At 31 July 2016	170,240	4,011	54,072	324	228,647
Depreciation					
At 1 August 2015	6,994	-	37,454	-	44,448
Charge for Year	5,628	-	2,790	-	8,418
Disposals	-	-	(90)	-	(90)
At 31 July 2016	12,622	-	40,154	-	52,776
Net Book Value at 31 July 2016	157,618	4,011	13,918	324	175,871
Net Book Value at 31 July 2015	157,511	4,607	11,558	477	174,153

Land and the majority of the University's buildings were revalued on a fair value basis by an independent Chartered Surveyor as at 31 July 2014. As a first time adopter of FRS102, the University has used fair value as its deemed cost at 01 August 2014 in accordance with FRS 102 paragraph 35.10(c).

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**12b. Intangible Assets**

Software	Year Ended 31 July 2016	
	Consolidated £000	University £000
Opening Balance	709	709
Additions in the Year	138	138
Amortisation Charge for the Year	(294)	(294)
Closing Balance	553	553

13. Heritage Assets

Aston University has recognised heritage assets in the year ended 31st July 2016 due to the conversion to FRS102.

Heritage assets with a fair value of greater than £10,000 have been capitalised in line with note 1 to the financial statements.

Aston University valued its Heritage Assets at 31 July 2014 in order to recognise its heritage assets upon adoption of FRS102. The valuation was conducted by an independent antiques and fine art specialist from Tennants Auctioneers with the assets being valued at fair value and no known limitations in the method used. The valuers credentials can be found at www.adamschoon.com.

	2015-16 £000	2014-15 £000
Heritage Assets Brought Forward	709	709
Acquisitions purchased with specific donations	-	-
Acquisitions purchased with University funds	-	-
Heritage Assets Carried Forward	709	709

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**14. Service Concession Arrangements**

The University has one on Balance Sheet arrangement where service delivery has commenced.

Movement in Service Concession Arrangement Debtor

The total debtor relating to the service concession included in the Balance Sheet as at 31 July 2016 is £14,645,904 (2014-15: £14,304,564).

Movement in Service Concession Arrangement Liabilities

The total liabilities relating to the service concession included in the Balance Sheet as at 31 July 2016 were £14,645,904 (2014-15: £14,304,564).

The notes below give more information on the University's current service concession arrangements:

On 21st April 2008 the University entered into a 37 year contract (as amended) with a third party provider for the provision and maintenance of the Aston Student Village student accommodation providing accommodation for over 3000 students.

The assets and liabilities relating to this scheme are recognised on the University's Balance Sheet.

Aston University nominates student accommodation annually for the following academic year.

In October 2016, Aston University entered into a Transitional Arrangements Deed relating to Aston Student Village accommodation, expiring on 31 July 2017. The Transitional Arrangements Deed ensures that Aston University has access to student accommodation for the 2016-2017 academic year on the same basis as prior years.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**15. Fixed Asset Investments**

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

Group	Subsidiary companies £000	Subsidiary Spinouts £000	Other investments £000	Total £000
At 1 August 2015	-	33	125	158
Impairment	-	(32)	(32)	(64)
At 31 July 2016	-	1	93	94

University	Subsidiary companies £000	Subsidiary Spinouts £000	Other investments £000	Total £000
At 1 August 2015	207	33	124	364
Impairment	(207)	(32)	(31)	(270)
At 31 July 2016	-	1	93	94

The University has minority interests in the following companies:

Year Ended
31 July
2016
£

Subsidiary Companies * :

Conference Aston Limited	1
Optimus Energy Limited	1
Aston Particle Technologies Limited	1
EBRI (UK) Limited	1
Grid Edge Limited	1
Aston University Consulting Limited	1

Investment in Spinout Companies:

Aston Eyetech Limited	784
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Other Fixed Asset Investments:

Sapere Systems Limited	18
CVCP Properties Limited	31,539
Advantage Growth Fund	9,080
Tiziana Life Sciences Plc	20,266
Mercia Technologies Plc	31,836
	<u>93,529</u>

(*) The subsidiary Company investments are University investments only. All other investments are Group and University investments.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**16. Stock**

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
General Consumables	30	30	21	21
	<u>30</u>	<u>30</u>	<u>21</u>	<u>21</u>

17. Trade and Other Receivables

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
Amounts Falling Due Within One Year:				
Research Grant Receivables	1,702	1,702	2,190	2,190
Other Trade Receivables	1,873	1,144	3,805	2,795
Service Concession Arrangement	14,646	14,646	14,305	14,305
Prepayments and Accrued Income	3,848	4,041	5,266	5,205
Amounts Due From Subsidiary Companies	-	1,113	-	759
	<u>22,069</u>	<u>22,646</u>	<u>25,566</u>	<u>25,254</u>

18. Investments

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
Short Term Investment in Unit Trust	148	148	141	141
	<u>148</u>	<u>148</u>	<u>141</u>	<u>141</u>

Aston University has an investment of £148k in Hermes Property Unit Trust. The investment can be redeemed annually on 26 March, 25 June, 30 September and 26 December and therefore as the cash is not instantly accessible, deemed to be a short term investment.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

19. Cash and Cash Equivalents

Group	At 1 August 2015 £000	Cash Flows £000	At 31 July 2016 £000
Cash and Cash Equivalents	28,273	12,031	40,304
	<u>28,273</u>	<u>12,031</u>	<u>40,304</u>

University	At 1 August 2015 £000	Cash Flows £000	At 31 July 2016 £000
Cash and Cash Equivalents	27,565	10,454	38,019
	<u>27,565</u>	<u>10,454</u>	<u>38,019</u>

20. Creditors: Amount Falling Due Within One Year

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
Unsecured Loans	58	58	28	28
Secured Loans	1,077	1,077	1,045	1,045
Research Grants and Contracts in Advance	5,303	5,303	5,692	5,692
Obligations Under Finance Leases	247	247	245	245
Service Concession Arrangements (Note 14)	14,646	14,646	14,305	14,305
Trade Payables	23,682	22,966	19,119	18,334
Repayment of Pension Fund Deficit	394	394	379	379
	<u>45,407</u>	<u>44,691</u>	<u>40,813</u>	<u>40,028</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**20. Creditors: Amount Falling Due Within One Year - Continued****Deferred Income**

Included within creditors less than one year are the following items of income which have been deferred until specific performance related conditions have been met.

	2015-16		2014-15	
	Group	University	Group	University
	£000	£000	£000	£000
Research Grants Received on Account	5,303	5,303	5,692	5,692
Grant Income	1,795	1,795	1,657	1,657
Other Income	2,669	2,669	3,568	3,568
	<u>9,767</u>	<u>9,767</u>	<u>10,917</u>	<u>10,917</u>

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

	2015-16		2014-15	
	Group	University	Group	University
	£000	£000	£000	£000
Deferred Income	19,019	19,019	18,885	18,885
Obligations Under Finance Lease	306	306	543	543
Secured Loans	37,751	37,751	38,828	38,828
Unsecured Loans	126	126	94	94
	<u>57,202</u>	<u>57,202</u>	<u>58,350</u>	<u>58,350</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**21. Creditors: Amount Falling Due After More Than One Year - Continued**

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
Analysis of Secured and Unsecured Loans:				
Due Within One Year or on Demand (Note 20)	1,077	1,077	1,073	1,073
Due Between One and Two Years	1,290	1,290	1,091	1,091
Due Between Two and Five Years	4,499	4,499	4,231	4,231
Due in Five Years or More	32,088	32,088	33,600	33,600
Due After More Than One Year	37,877	37,877	38,922	38,922
Total Secured and Unsecured Loans	38,954	38,954	39,995	39,995
Secured Loans Repayable by 2037	38,771	38,771	39,873	39,873
Unsecured Loans	183	183	122	122
	38,954	38,954	39,995	39,995

Lender	Amount £'000	Term	Interest rate %	Borrower
Barclays Bank	40,000	2037	3.48	University
European Investment Bank	5,000	2035	2.15	University
Salix	268	2020	0	University
TOTAL	45,268			

The long-term loan comprises two loans. One is a term loan of £40 million with rates of interest negotiated at the time of draw down. This loan is payable in quarterly instalments from 2008 to 2037 and is secured on a building of the University. The weighted average interest rate for this loan is 3.48% p.a. In addition the University took on a new loan from the European Investment Bank (EIB) in April 2015 to invest in capital infrastructure. Capital repayments have not yet started on this loan as there is a capital repayment holiday of 3 years. The interest rate for this loan is fixed at 2.15% with interest payments made in November and May each year.

The loan from Salix Finance Limited is an interest free capital loan available to public sector institutions to improve energy efficiency and reduce carbon emissions.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**22. Provisions For Liabilities****GROUP**

	Obligations to fund Deficit on USS Pension £000	Obligations to fund Deficit on AUPS Pension £000	Pension Enhancement on Termination £000	West Midlands Pension Fund Provision £000	TOTAL Pensions Provision £000	Insurance and Tax Provisions £000	TOTAL £000
At 1 August 2015	17,866	853	161	65	18,945	6	6
Utilised in Year	-	-	-	(3)	(3)	(1)	(1)
Additions	1,339	9,452	51	-	10,842	113	113
At 31 July 2016	19,205	10,305	212	62	29,784	118	118

University

	Obligations to fund Deficit on USS Pension £000	Obligations to fund Deficit on AUPS Pension £000	Pension Enhancement on Termination (a) £000	LGPS Pension Fund Provision (b) £000	TOTAL Pensions Provision £000	Insurance Provisions £000	TOTAL £000
At 1 August 2015	17,866	853	161	65	18,945	5	5
Utilised in Year	-	-	-	(3)	(3)	-	-
Additions	1,339	9,452	51	-	10,842	-	-
At 31 July 2016	19,205	10,305	212	62	29,784	5	5

- a) The Vice-Chancellor's accrued contributions in respect of an unregistered, unfunded, retirement benefits scheme.
- b) Local Government Pension Scheme (LGPS) for pensioners retiring before 2012-13.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**23. Endowment Reserves**

	Restricted Permanent £000	Restricted Expendable £000	2015-16 Total £000	2014-15 Total £000
Balances at 1 August 2015				
Capital	915	173	1,088	1,104
Accumulated Income	215	15	230	218
	1,130	188	1,318	1,322
New Endowments	1	27	28	25
Investment Income	18	2	20	22
Expenditure	(23)	(58)	(81)	(97)
Transfers in Year	-	-	-	16
	(4)	(29)	(33)	(34)
Increase in Market Value	14	2	16	30
At 31 July 2016	1,140	161	1,301	1,318
 Represented by:				
Capital	910	146	1,056	1,088
Accumulated Income	230	15	245	230
	1,140	161	1,301	1,318
 Analysis by type of purpose:				
Academic Chairs	536	54	590	629
Scholarships and Bursaries	341	13	354	346
Prize Funds	210	49	259	251
General	53	45	98	92
	1,140	161	1,301	1,318
 Analysis by asset				
Current and Non-Current Asset Investments			1,153	1,177
Cash & Cash Equivalents			148	141
			1,301	1,318

Deficit Balances

Aston University did not have any permanent endowments in deficit in either the 2015-2016 or 2014-2015 financial years.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**24. Restricted Reserves**

GROUP AND UNIVERSITY	Unspent			Unspent		
	Capital Grants £000	Restricted Donations £000	Total 2015-16 £000	Capital Grants £000	Restricted Donations £000	Total 2014-15 £000
Balances at 1 August 2015	412	1,642	2,054	-	900	900
New Grants	1,831	-	1,831	867	-	867
New Donations	-	1,174	1,174	-	1,321	1,321
Investment Income	-	29	29	-	26	26
Capital Grants Utilised	(2,243)	-	(2,243)	(456)	-	(456)
Expenditure	-	(697)	(697)	-	(605)	(605)
At 31 July 2016	-	2,148	2,148	411	1,642	2,053

	Total 2015-16 £000	Total 2014-15 £000
Analysis of Other Restricted Funds / Donations by Type:		
Academic Chairs	166	225
Scholarships and Bursaries	755	621
Prize Funds	25	25
General	1,202	771
At 31 July 2016	2,148	1,642

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**25. 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 for academic and academic-related employees of all UK universities and other employees. AUPS provides benefits for other staff of the University. These schemes are defined benefit schemes contracted out of the State Second Pension (S2P), the assets of which are held in separate administered funds. The deficit in the schemes is required to be reflected in the Consolidated Balance Sheet and the movements in the deficit to be reflected in the Consolidated Statement of Comprehensive Income and Expenditure.

The total pension cost for the University was:

	2015-16 £000	2014-15 £000
Contributions to USS	10,513	10,055
Contributions to AUPS	1,879	1,928
Contributions to LGPS in Relation to Closed Scheme	11	9
Enhanced Pension Provisions	5	(91)
NEST and Other Pension Contributions	80	111
Total Pension Cost	12,488	12,012

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

	2015-16 £000	2014-15 £000
USS	994	-
AUPS	131	160
	1,125	160

Summary of FRS 102 Liabilities**Analysis of the Amount Shown in the Balance Sheet:**

	AUPS £000
Total Market Value of Assets	88,712
Present Value of Scheme Liabilities	(99,017)
Deficit in the Scheme - Net Pension Liability	(10,305)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**25. Pension Schemes Continued****USS**

The total cost charged to the profit and loss account is £1,339k (2014-15: £9,803k) as shown in note 22.

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

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

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

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2015-16	2014-15
Discount Rate	3.6%	3.3%
Pensionable salary growth:		
Year One	-	3.5%
Thereafter	-	4.0%
Price inflation (CPI)	2.2%	2.2%

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

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

The use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2015-16	2014-15
Males currently aged 65 years	24.3	24.2
Females currently aged 65 years	26.5	26.4
Males currently aged 45 years	26.4	26.3
Females currently aged 45 years	28.8	28.7

	2015-16	2014-15
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

25. Pension Schemes Continued

AUPS

The assets of the Scheme are held in a separate trustee-administered fund. The Scheme is a defined benefit scheme which is funded and valued every three years by the actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. A full actuarial valuation was carried out at 1 April 2013 and was updated for FRS 102 purposes by a qualified independent actuary. The material assumptions and other data used by the actuary were:

	2015-16	2014-15
Salary scale increases per annum	2.20%	2.75%
Pension increases per annum (post 1.9.90 joiners)	2.65%	3.15%
Pension increases per annum (pre 1.9.90 joiners)	3.45%	3.70%
Discount rate	2.45%	3.60%
Consumer Price inflation	1.70%	2.25%
Retail Price inflation	2.70%	3.25%

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

The FRS 102 valuation has used RPI as the inflationary index to calculate scheme liabilities for current members and used CPI in respect of deferred members.

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

	2015-16	2014-15
Retiring today		
Males	20.9	20.1
Females	23.4	23.0
Retiring in 20 years		
Males	22.4	21.3
Females	25.6	24.4

	Value at 31 July 2016	Value at 31 July 2015
	£000	£000
Scheme assets and assumptions on investment returns:		
Equity Securities	53,449	41,176
Debt Securities - Corporate	13,225	11,997
Debt Securities - Government	21,323	20,523
Cash and cash equivalents	697	834
Real Estate	-	6,995
Insurance Contracts	18	15
	<u>88,712</u>	<u>81,540</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

25. Pension Schemes Continued

The following amounts at 31 July were measured in accordance with the requirements of FRS 102.

Analysis of the Amount Shown in the Balance Sheet:

	2015-16 £000	2014-15 £000	2013-14 £000
Total value of assets	88,712	81,540	71,843
Actuarial value of liabilities	<u>(99,017)</u>	<u>(82,393)</u>	<u>(72,789)</u>
Deficit of funded scheme liabilities	<u>(10,305)</u>	<u>(853)</u>	<u>(946)</u>

Analysis of the Amount Charged to Staff Costs Within the Operating Surplus:

	2015-16 £000	2014-15 £000
Current Service Cost	2,151	2,062
Administration Cost	454	354
Total Operating Charge	<u>2,605</u>	<u>2,416</u>

Analysis of the Amount that is Credited to Other Finance Income / (Charged to Interest Payable):

	2015-16 £000	2014-15 £000
Interest Income on Scheme Assets	2,920	2,944
Interest Payable on Scheme Liabilities	<u>(2,923)</u>	<u>(2,944)</u>
Net Interest on Net Defined Benefit Liability	<u>(3)</u>	<u>-</u>

Analysis of the Amount Recognised in Other Comprehensive Income (OCI):

	2015-16 £000	2014-15 £000
Actual Return on Assets Excluding Amounts Included in Net Interest	5,108	6,836
Actuarial Losses on Scheme Obligations	<u>(13,949)</u>	<u>(6,545)</u>
Re-Measurement (Loss) / Gain in Scheme	<u>(8,841)</u>	<u>291</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**25. Pension Schemes Continued****Analysis of the Movement in the Fair Value of the Scheme Liabilities:**

	2015-16 £000	2014-15 £000
Opening Defined Benefit Obligation	82,393	72,790
Current Service Cost	2,151	2,062
Administration Cost	454	354
Interest Cost	2,923	2,944
Contributions by Scheme Participants	18	18
Actuarial Losses	13,949	6,545
Benefits Paid	(2,871)	(2,320)
Closing Defined Benefit Obligation	<u>99,017</u>	<u>82,393</u>

Analysis of the Movement in the Fair Value of the Scheme Assets:

	2015-16 £000	2014-15 £000
Opening Fair Value of Scheme Assets	81,540	71,843
Interest Income	2,920	2,944
Contributions by Aston University	1,997	2,217
Contributions by Scheme Participants	18	18
Actual Return on Assets Excluding Amounts Included in Net Interest	5,108	6,838
Benefits Paid	(2,871)	(2,320)
Closing Fair Value of Scheme Assets	<u>88,712</u>	<u>81,540</u>

NEST

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**26. Fees Paid To External Auditor**

Fees paid to the University's external auditor for the provision of audit services amounted to £42,500 for the University and £4,500 for its subsidiary companies (2014-15: £28,000 for the University and £4,200 for its subsidiary companies). Fees to the auditors for the provision of non-audit services amounted to £100,370 for the University and £1,200 for the subsidiary companies (2014-15: £113,189 for the University and £16,320 for the subsidiary companies). Non-audit services comprise advice on the conversion to FRS 102, advice on Aston Student Villages, corporate structures, taxation matters including advice on the Research and Development Credit claim, and the audit of capital and revenue grants.

27. Capital and Other Commitments And Contingent Liabilities

Provision has not been made for the following capital commitments at 31 July 2016:

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
Commitments Contracted For	3,805	3,805	5,999	5,999
	<u>3,805</u>	<u>3,805</u>	<u>5,999</u>	<u>5,999</u>

Contingent Liabilities at 31 July 2016:

	2015-16		2014-15	
	Group £000	University £000	Group £000	University £000
Highways Act Bond	31	31	31	31
	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>

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.

The University has given written undertakings to support the subsidiary companies for twelve months from the date of approval of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**28. Lease Obligations**

	Other Leases 2015-2016 £000	2015-16 Total £000	2014- 2015 Total £000
Payable During the Year	118	118	123
Future Minimum Lease Payments Due:			
Not Later than 1 Year	57	57	74
Later than 1 year and not Later than 5 Years	34	34	35
At 31 July 2016	91	91	109

29. Subsidiary Undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are as follows:

Company	Principal Activity	Status	Note
Conference Aston Limited	Management of conference activities	100% owned	15
Optimus Energy Limited	Commercialisation of EBRI	100% owned	15
Aston Particle Technologies Limited (formerly Aston Student Limited)	Research and development of particle engineering technology	100% owned	15
Grid Edge Limited	Provision of artificial intelligence software	100% owned	15
EBRI (UK) Limited	Dormant	100% owned	15
Aston University Consulting Limited	Dormant	100% owned	15

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

30. Financial Instruments

Risk Management

The University operates a centralised treasury management function which is responsible for managing the credit, liquidity, interest and foreign currency risk. These financial risks are managed within the parameters specified by the Finance Committee approved Treasury Management Policy. The treasury management policy adopts the key recommendations of the Code of Practice on Treasury Management in Public Service as issued by Chartered Institute of Public Finance and Accountancy (CIPFA) as recommended by the Higher Education Funding Council for England (HEFCE) and is reviewed and updated annually.

The University's principal financial instruments are cash, investments and loans. The core objective of these financial instruments is to meet the financing needs of the University's operations. Additionally, the University has other financial assets and liabilities arising directly from its operations i.e. trade debtors and creditors.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the University.

The University's credit risk arises from bank balances, investments, student debtors and commercial organisations as customers. Management of credit risk is a prime objective of the Treasury Management Policy. At 31 July 2016, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

The credit risk of liquid funds and financial instruments is limited because the counterparties are banks with investment grade credit ratings assigned by international credit-rating agencies. The University's exposure and the credit ratings of its counterparties are monitored regularly. The credit exposure is limited by counterparty limits and minimum counter party credit ratings set within the Treasury Management Policy.

Student and commercial debtors are reviewed on an on-going basis and a bad debt provision is made if recovery becomes uncertain. If a debtor is deemed irrecoverable it is written off. The concentration of risk is limited due to a large number of diverse customers across both students and commercial customer populations.

Liquidity risk

Liquidity risk refers to the risk that the University will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities.

Cash flow forecasts form part of the University's 5 year strategic model and are revised during the financial year. The University policy is to maintain a minimum of £10m in on-call cash balances. Excess funds are invested to maximise the return whilst observing the Treasury Management Policy limits.

Foreign currency risk

Foreign currency risk refers to the risk that unfavourable movement in exchange rates may cause financial loss to the University. The University's principal foreign currency exposure is to the euro. On an annual basis after satisfying euro denominated liabilities the University is left with a surplus of euros. Surplus euros are converted at spot rates or via forward contracts that are used to mitigate the risk of adverse exchange rate movements.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**30. Financial Instruments - Continued***Interest rate risk*

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of balance sheet items (i.e. price risk) or changes in interest income or expenses (i.e. re-investments risk).

Financial instruments – fair values

The fair values of each category of the University's financial instruments are the same as their carrying value in the balance sheet.

31. Significant Judgements and Estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Property Revaluation and Asset Useful Economic Life (UEL)

Aston University performed a revaluation of its land and buildings under the first time adoption of FRS 102 as at 31 July 2014. As part of the revaluation, assumptions were made by the appointed valuers (Bilfinger GVA) to give a value per square metre for specific land and buildings. These assumptions were agreed by Aston University for use in the financial statements.

Bilfinger GVA also calculated the useful economic life (UEL) of each of the buildings which Aston University management capped at 50 years after careful consideration of past trends and future expectations.

Aston University Pension Scheme (AUPS)

The University obtains a valuation from Hymans Robertson LLP who makes decisions on behalf of the University on the financial assumptions used to calculate the net liability of the scheme. These assumptions include the RPI%, CPI%, salary increases, pension increases, mortality rates, discount rate and the estimate of the duration of employer liabilities.

The University allows Hymans Robertson LLP to apply their skill and judgement in setting these parameters as the pension experts rather than suggesting a rate.

Any changes in actuarial assumptions or differences between the figures derived from the roll forward approach and the full actuarial valuation will impact on the carrying amount of the pension liability.

Universities Superannuation Scheme (USS)

Management are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The USS modeller used for calculation of the pension deficit required in the financial statements has used assumptions on staff salary inflation percentages and the percentage change in staff numbers in subsequent years. In making the estimated percentages, management considered past movement in salary inflation and staff numbers as well as considering the University's strategic plans and current economic climate.

Aston University has also chosen to apply the discount rate provided by Mercer Limited actuaries in the USS modeller. Mercer Limited have used a set of assumptions to arrive at the discount rate with Aston University accepting the set of assumptions as reasonable.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

32. Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 2015, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP).

An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables.

Financial Position		2015-2016		2014-2015		2013-2014	
		Group	University	Group	University	Group	University
		£'000	£'000	£'000	£'000	£'000	£'000
Total Reserves Under 2007 SORP		93,345	92,185	95,978	95,608	90,277	89,507
USS Pension Provision	a	(19,205)	(19,205)	(17,865)	(17,865)	(8,062)	(8,062)
Land Revaluation	b	36,517	36,517	36,517	36,517	41,380	41,380
Building Revaluation	b	18,417	18,620	17,607	17,857	15,593	15,888
Government Grants – Capital	c	(19,961)	(19,961)	(18,799)	(18,799)	(19,446)	(19,446)
Annual Leave Accrual	d	(2,477)	(2,477)	(2,439)	(2,439)	(2,432)	(2,432)
Heritage Assets	e	709	709	709	709	709	709
Total Effect of Transition to FRS 102		14,000	14,203	15,730	15,980	27,742	28,037
Total Reserves Under 2015 SORP		107,345	106,388	111,708	111,588	118,019	117,544
Financial Performance		2015-2016		2014-2015			
		Group	University	Group	University		
		£'000	£'000	£'000	£'000		
Surplus for the Year Under 2007 SORP		4,916	4,125	6,504	6,903		
Pension Provisions	f	(10,791)	(10,791)	(10,615)	(10,615)		
Land Revaluation	g	-	-	(4,864)	(4,864)		
Building Revaluation – Depreciation	h	811	765	2,014	1,970		
Non - Government Capital Grants	i	248	248	(81)	(81)		
Annual Leave Accrual	j	(37)	(37)	(7)	(7)		
Donations	k	490	490	738	738		
Total Effect of Transition to FRS 102		(9,279)	(9,325)	(12,815)	(12,859)		
Total Comprehensive Income and Expenditure for the Year Under 2015 SORP		(4,363)	(5,200)	(6,311)	(5,956)		

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**32. Transition to FRS102 and the 2015 SORP – Continued***Notes to the Financial Position*

- a) This represents the University's obligation to fund past deficits in relation to the Universities Superannuation Scheme. This provision was not required under old UK GAAP.
- b) The University revalued the majority of its estate to 'deemed cost' on transition to FRS 102 at 1 August 2014.
- c) Government capital grants are transferred to creditors < and > 1 year under FRS 102, therefore reducing reserves / net assets.
- d) The University has created an annual leave accrual. This represents an estimate of the untaken employee annual leave at the balance sheet date.
- e) The University has recognised heritage assets on transition to FRS 102.

Notes to the Financial Performance

- f) This movement in pension provisions is comprised of the movement in the AUPS liability which was previously taken to the Statement of Total Recognised Gains and Losses under old UK GAAP, but is now taken to comprehensive income and the increase in the USS pension provision between the two years.
- g) This represents the increased cost of disposal associated with the ASV phase 2 land in 2014/15 following the transition revaluation noted above.
- h) Reduction in building depreciation following transition revaluation exercise.
- i) Non-government capital grants are taken to income in line with performance conditions being met. This adjustment is the difference between new grants in each year and the reversal of the release of non-government grants under old UK GAAP.
- j) The University has created an annual leave accrual. This represents the movement in the accrual between the two years.
- k) Donations income and associated expenditure previously recognised through reserves are taken to comprehensive income under FRS 102.