

2016/17 Financial Statements



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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 has a mission to be the UK's leading University for business and the professions, underpinned by applicable research, enterprise and inspiring teaching. International and inclusive, Aston has students from 120 different countries around the world.

Aston is attractive to students as we have long been recognised as a university that equips them with the skills and knowledge they need to thrive in a professional career. We are exceptionally attuned to the needs of business and industry. Six months after graduating, 79% of Aston Alumni have secured graduate level employment or are studying at Masters level. We are 2nd in the UK for boosting graduate salaries, with our graduates earning nearly £3,000 more than expected five years after graduation (The Economist 2017).

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

The Teaching Excellence Framework (TEF) is a new Government scheme for recognising teaching that delivers excellent student outcomes and prospects. Aston was awarded 'Gold' when the results were published in 2017, the highest possible accolade. The TEF found that students from all backgrounds achieve 'consistently outstanding outcomes' at Aston, with outstanding personalised provision supporting high levels of student engagement.

The University performed very strongly in the National Student Survey once again, receiving an

overall satisfaction score of 88% and a score which placed us 13th in the UK for teaching quality.

Over the last year, we were also successful in securing in excess of £23m in 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 2016-17 was strong with a healthy surplus driven by growing student numbers. We are continuing to invest in new academic staff and in our campus provision. In the next three years we will replace the current Students' Union building and launch our new Medical School.

Moving forward we are finalising our new university strategy which will see us continue to diversify our product portfolio following the successful graduation of the UK's first cohort of Degree Apprentices and the launch of Aston Online. The strategy will have a clear focus on three main groups of beneficiaries – on our students, on our business partners and on place, with deepening engagement across the West Midlands region at all levels.

With best wishes.

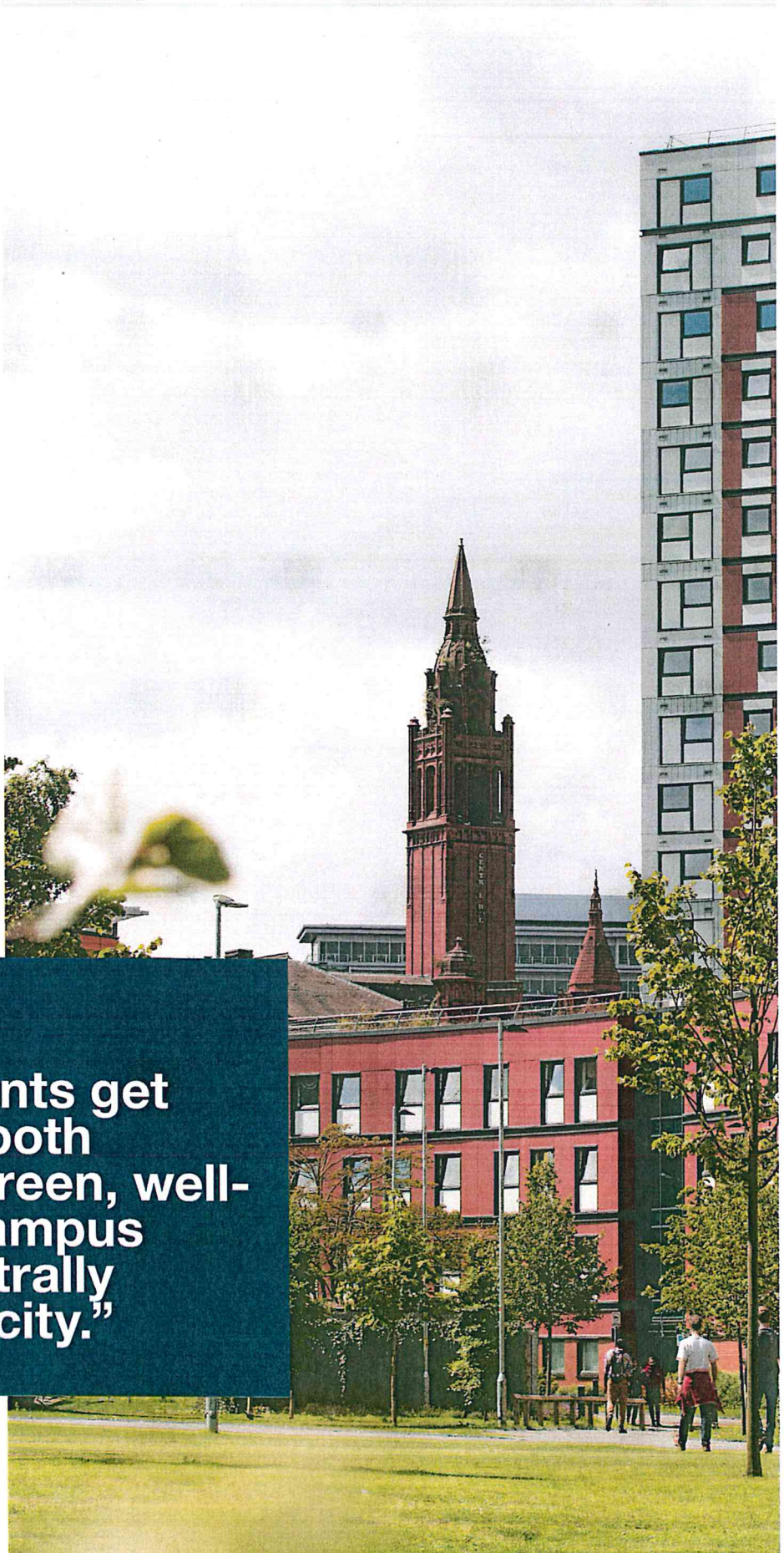
Alec Cameron

KEY FACTS

- Founded in 1895 and a University since April 1966
- Exceptional teaching informed by leading research
- A reputation for research that makes a difference to society
- Top 20 for Graduate Prospects (Sunday Times Good University Guide 2017 and Complete University Guide 2018)
- 88% 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

“

Aston students get the best of both worlds - a green, well-equipped campus located centrally in a vibrant city.”





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, through student mentoring and volunteering.

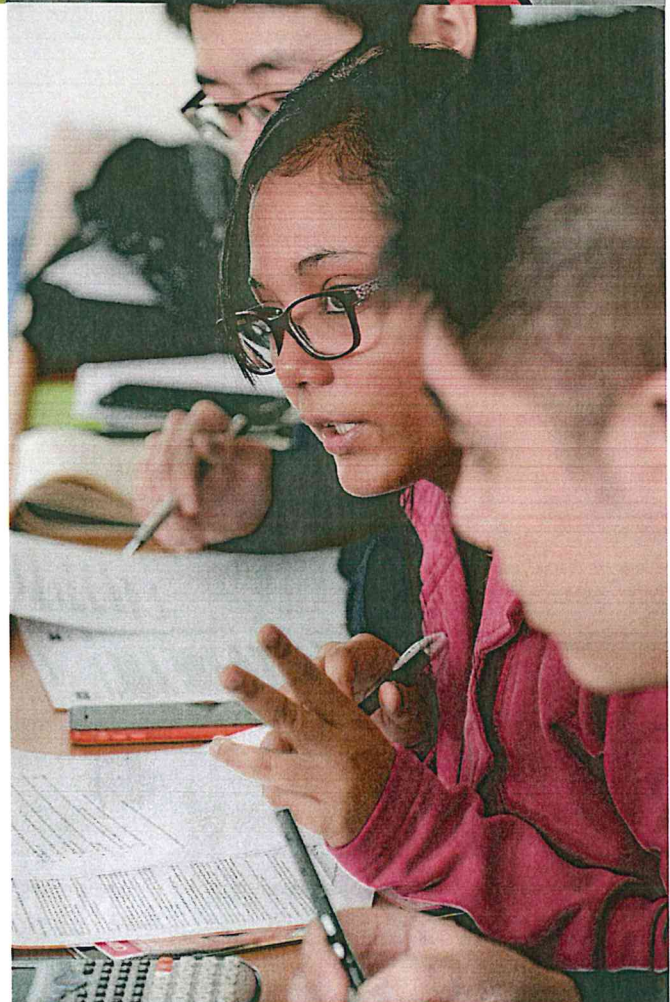
Success for all our students is achieved through innovative learning and teaching, while our international outlook makes us a differentiator for employers.

- 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

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.

Aston was awarded 'Gold', the highest possible accolade in the Government's new Teaching Excellence Framework (TEF).



78%

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



MIDLANDS INNOVATION

Members of Midlands Innovation



Excellent research performance

+£23m

Total research awards 2016/17



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 Sarah Hainsworth
- 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

- Led by Executive Dean, Professor Asif Ahmed
- 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.

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 for 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 120 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 in accordance with the Financial Reporting Standard 102 (FRS 102) and includes prior years' results for comparative purposes.

The underlying strength of the University continues to develop with total income rising by 8.0% to £162.4m. 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.

Costs have increased by 2.4% to £148.8m. The operating surplus before taxation was £13.6m (8.4% of income), an improvement of £8.9m 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 £11.8m in the year. Overall, and after investments of £11.3m in improving our estate and facilities, the University ended the year with an improved cash and investments balance of £52.0m.

Student Population

The overall number of students continues to increase year on year with the total population approaching 14,000 student FTEs in 2016-17, with 78% of students studying at undergraduate level and 22% at postgraduate level. Home and EU students represent 84% of the population with the remainder coming from the overseas market.

Tuition & Funding Council Income

Tuition fee income over recent years has been impacted by the introduction of the £9,000 tuition fee regime in 2012-13. With the majority of Aston undergraduates undertaking an integrated placement year, it was not until 2015-16 that the full impact of the fee regime was recognised across the entire student population. HEFCE grant income has fallen concurrently, and now accounts for 10% of total income for 2016-17.

Research Income

Research income relating to 2016-17 was £14.7m (2015-16: £14.9m). It should be noted that in 2015-16 there was £0.7m of income from a corporation tax credit scheme (Research and Development Expenditure Credit). Universities have since been removed from the scope of this tax relief.

Adjusting for the effect of the RDEC credit in 2015-16, research income was £0.5m higher year on year, an increase of 3.5%. The University continues to invest in research capability including additional staff members, complementary skill sets and research facilities.

Other Income

Other operating income was £28.3m and this includes £14.6m (2015-16: £14.3m) relating to a service concession arrangement for student accommodation that is required under FRS102. Following the sale of the

student accommodation in 2016-17, there is no longer a service concession arrangement so other income will fall commensurately in future years. Catering, sport, nursery and conference income make up large majority of other operating income and are on par with 2015-16.

Staff Costs

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

Staff costs (excluding the movement on USS provision in each year) increased by 5.9% to £80.8m. Basic salary costs have increased by £2.0m from 2015-16, largely attributable to the ongoing investment in academic posts to support the growing student population over recent years.

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.

In recent years USS has taken steps to manage its liabilities by amending its scheme. From October 2012 new members' pensions have been calculated on a Career Revalued Basis (CRB) rather than a final salary basis. Employees, as well as the employers, have been contributing 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 fallen to £9.8m (2015-16: £10.3m) after the annual actuarial review. This is predominantly due to higher than expected returns on the scheme's invested assets and contributions from the University. Further information can be found in the financial statements, note 24. The USS provision reduced to £18.7m (2015-16: £19.2m).

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. The WMPF provision is £0.1m (2015-16: £0.1m).

Other Operating Expenses

Other operating expenses have fallen by £1.7m. There were a number of one-off costs incurred last year, 2015-16, including £1m of start-up costs for the new Aston Medical School, higher capital write offs £0.8m and various ASV legal costs £0.8m. This has been mitigated in part by an additional contribution to the Aston University Pension Scheme (AUPS) of £0.7m.

Capital Expenditure

The University continues to invest in its estate in order to modernise and extend its facilities for high quality teaching and research with net expenditure of £11.3m during the year.

Major projects in 2016-17 included the continued development of laboratories and office space in Engineering and Applied Sciences. There has also been investment on research equipment in support of the Energy Research Accelerator, the first collaborative project delivered by the Midlands Innovation (M6) initiative. IT initiatives included a new student attendance monitoring system to enhance our understanding of student engagement as well as supporting our UKVI compliance requirements.

The capital expenditure programme will gain pace over the coming years. This includes plans for a new Medical School, Students Union and further investment in our teaching and research space.

Balance Sheet

The Group continues to maintain a strong balance sheet with total net assets of £122.8m. As required under FRS102, our balance sheet includes provision for £18.7m relating to the University's share of the USS pension scheme deficit. In addition, a further provision of £9.8m is included relating to AUPS. The University has long term bank loans outstanding of £37.8m.

Cash Flow

Cash and short term investments have increased by £11.7m 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.



Scope of the Financial Statements

The Financial Statements for the year ended 31 July 2017 comprise the results of the University and its operating subsidiary, Conference Aston Limited, which manages the University's conference facilities and associated activities.

The financial statements exclude the finance results of the independently managed Students' Union. The Students' Union is a separately registered charity which was registered with the Charities Commission in October 2011.

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.

*Dame Yve Buckland, DBE
Pro-Chancellor and Chair of Council
28th November 2017*

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.

This covers the period from 1 August 2016 to 31 July 2017 and up to the date of approval of the audited financial statements.

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.

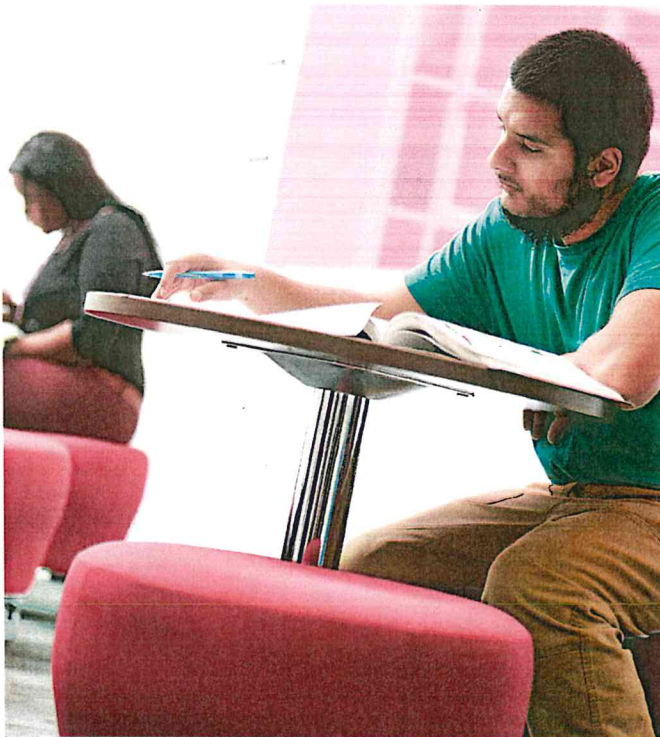
The University is committed to exhibiting current best practice in all aspects of corporate governance. The University Council has adopted the recommendations of the Committee of University Chair's (CUC) Higher Education Code of Governance which is reflected in the Statement of the Council's Primary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

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.

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 BDO) 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 equality and diversity, speak-up (whistle-blowing), grievances and harassment and appropriate procedures for the appointment of the Vice-Chancellor and other senior officers and for monitoring their performance, including a Remuneration Committee for senior staff.

Risk Management

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

sources of assurance are considered for all risks and the internal control processes revised to account for such risks.

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

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

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

In order to provide assurance that the above process is operating effectively, Internal Audit undertakes an annual review of elements of the University's procedures for governance and risk management, and its arrangements to promote value for money, as well as the underlying control and monitoring processes. The Internal Audit Annual Report 2016-17 concluded that overall, in the areas examined, there are no major weaknesses in the system of internal control and 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; and procedures for handling internal grievances and for managing conflicts of interest;

- To monitor institutional performance against plans/budgets and approved KPI's which should be, where possible and appropriate, benchmarked against other comparable universities, and
- To fulfil statutory/regulatory responsibilities.

For the full set of primary responsibilities refer to:

<http://www.aston.ac.uk/about/management-structure/charter-statutes-and-ordinances/statutes/s5-powers-of-the-council/>

The Council Membership During 2016-17

Ex-Officio

Sir John Sunderland (until 31 July 2017)
The Chancellor

Dr Paul Golby CBE (until 14 June 2017)
The Pro-Chancellor and Chair of the Council

Dame Yve Buckland DBE (from 15 June 2017)
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 E Higson OBE DL
Provost and Deputy Vice-Chancellor

Professor Asif Ahmed (until 31 July 2017)
Pro-Vice-Chancellor and Executive Dean of the Aston Medical School

Professor George Feiger (until 31 July 2017)
Pro-Vice-Chancellor and Executive Dean of the Aston Business School

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

Professor Ian Nabney (until 31 July 2017)
Pro-Vice-Chancellor and Executive Dean of the School Of Engineering & Applied Science

Professor Simon Green (until 31 July 2017)
Pro-Vice-Chancellor and Executive Dean of the School Of Language & Social Sciences

Professor Chris Hewitt (until 31 July 2017)
Pro-Vice-Chancellor and Executive Dean of the School Of Life & Health Sciences

Mr Alan Charters (until 31 July 2017)
Chief of Operations & Estates

Mr Neil Scott
Chief Financial Officer

Appointed

Ms Amanda Allen (*from 1 August 2016*)

Ms Dorian Chan (*until 31 July 2017*)

Mr Lance Doughty

Mr Stuart Doughty, CMG (Chair of Finance and Major Projects Committee)

Dr Melanie Gibbs (*from 1 August 2016*)

Mr Toby Lewis

Dr Kevin Morley

Ms Sue Noffke

Mr Rob Perrins (Chair of Audit Committee)

Mr Vij Randeniya

Dr Surinder Sharma

Alison Trauttmansdorff-Weinsberg

Dr Mike Wright (*from 1 August 2016*)

Professor Alison Hodge, MBE (*Staff Representative*)

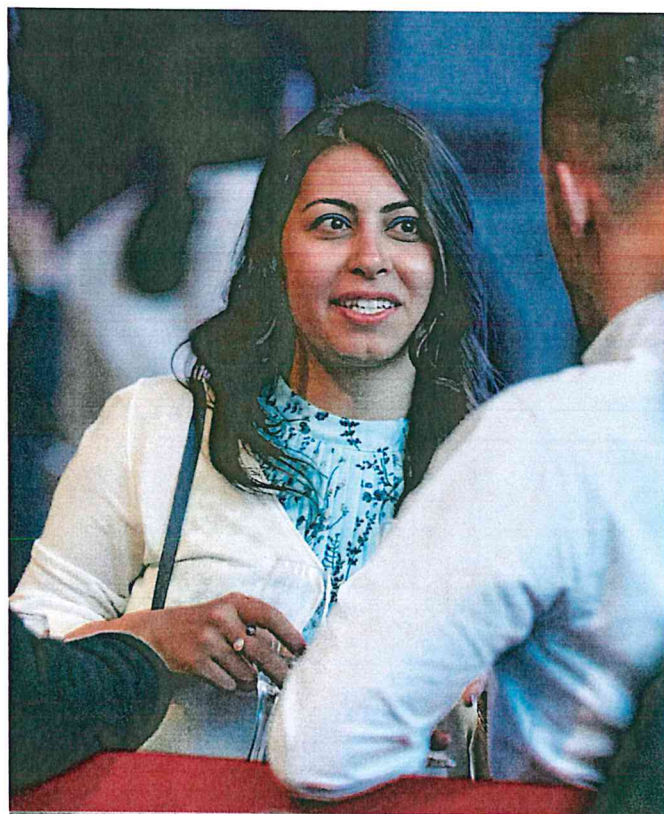
Dr Fiona Lacey (*Staff Representative*)

Mr Ahmed Hassan (*Student Representative*) (*until 31 July 2017*)

Mr Mohamed Ibrahim (*Student Representative*) (*until 31 July 2017*)

Ms Reema Quessou (*from 1 August 2017*)

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



Independent Auditor's Report to the Council of Aston University

Opinion

We have audited the financial statements of Aston University ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2017 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2017 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the group's and the University's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and relevant legislation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's

Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Council is responsible for the other information. Other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Progress Report, Statement of Corporate Governance and Internal Controls and the Financial Results Commentary and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.



Opinion on other matters required by the Higher Education Funding Council for England ("HEFCE") Audit Code of Practice

In our opinion, in all material respects:

- Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- 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 requirements of HEFCE's Accounts Direction have been met.

Responsibilities of the Council

As explained more fully in the Council's responsibilities statement set out on page 11, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the Group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the University Council, as a body, in accordance with paragraph 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the University's Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Council as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Memorandum of Assurance and Accountability with the Higher Education Funding Council for England.

BDO LLP

Kyla Bellingall (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Birmingham

Date: 29 November 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



Statement of Principal 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 FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets).

Basis of Consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2017. The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive 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.

Income Recognition

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.

a) Tuition Fee Income

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and 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.

b) Investment Income

Investment income is credited to the Consolidated Statement of Comprehensive 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.

c) 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.

Statement of Principal Accounting Policies

d) 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.

e) 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 for the period up to 5 April 2016 were contracted out of the State Second Pension (S2P). From 6 April 2016, contracting out ceased with the introduction of the Government's new state pension.

Each fund is valued every three years by professionally qualified independent actuaries.

The USS is a multi-employer scheme, where scheme assets 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. An institution is thereby unable to identify its share of the scheme's underlying assets and liabilities on a consistent and reasonable basis. Therefore, as required by Section 28 of FRS 102 "Employee Benefits", the University accounts for this as if it were a defined benefit scheme. A scheme wide contribution rate is set and the institution is therefore exposed to actuarial risks associated with the other institutions' employees. As a result the amount charged to the staff costs represents the contribution payable to the scheme in the accounting period and a liability is recorded within provisions for any contractual commitment to fund past deficits at a discounted rate within the USS scheme. The University has entered into an agreement with USS to fund a share of the scheme deficit. These agreed future contributions are recognised as a provision in the financial statement, with any movements in the provision charged to staff costs. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

Further details on both the USS and AUPS pension schemes are disclosed in note 24.

Statement of Principal Accounting Policies

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, such as holiday entitlements earned but not taken at the balance sheet date, are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

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.

Operating leases

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

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.

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.

Statement of Principal Accounting Policies

Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of land and 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.

a) Land and Buildings

Capitalisation: 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.

Depreciation: 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

Assets 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.

b) Equipment

Capitalisation: 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.

Depreciation: Capitalised equipment is depreciated on a straight line basis over its useful economic life as follows:

Major Systems and Equipment	5 – 10 years
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.

c) Borrowing costs

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

Statement of Principal Accounting Policies

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 on the Balance Sheet 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:

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

Statement of Principal Accounting Policies

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 to the Finance Act 2010 and accordingly, the University is potentially exempt from UK Corporation Tax 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 that exist at the balance sheet date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the Balance Sheet date. Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

Statement of Principal Accounting Policies

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 make 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.

Consolidated Statement of Comprehensive Income and Expenditure

For the year ended 31 July 2017

	Notes	Year ended 31 July 2017		Year ended 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	102,067	102,067	91,157	91,157
Funding body grants	2	16,264	16,264	14,824	14,824
Research grants and contracts	3	14,743	14,743	14,945	14,945
Other operating income	4	28,346	24,441	27,977	24,362
Investment income	5	240	277	173	173
Total income before endowments and donations		161,660	157,792	149,076	145,461
Donations and endowments	6	713	713	1,245	1,245
Total income		162,373	158,505	150,321	146,706
Expenditure					
Staff costs	7	80,811	79,811	76,343	75,408
Other operating expenses		56,530	53,805	58,256	56,362
Depreciation and amortisation	11	9,447	9,408	8,755	8,712
Interest and other finance costs	8	2,015	2,015	2,032	2,032
Total expenditure	9	148,803	145,039	145,386	142,514
Surplus before other gains losses		13,570	13,466	4,935	4,192
Loss on disposal of fixed assets		(1)	(1)	(128)	(128)
Gain / (loss) on investments		52	52	(73)	(280)
Surplus before tax		13,621	13,517	4,734	3,784
Taxation	10	(22)	-	(256)	(143)
Surplus for the year		13,599	13,517	4,478	3,641
Actuarial gain/(loss) in respect of pension schemes	24	1,879	1,879	(8,841)	(8,841)
Total comprehensive income/(loss) for the year		15,478	15,396	(4,363)	(5,200)
Represented by:					
Endowment comprehensive income for the year		92	92	(17)	(17)
Restricted comprehensive income for the year		158	158	95	95
Unrestricted comprehensive income for the year		15,228	15,146	(4,441)	(5,278)
		15,478	15,396	(4,363)	(5,200)
Surplus for the year attributable to:					
University		13,599	13,517	4,478	3,641
Total Comprehensive income for the year attributable to University		15,478	15,396	(4,363)	(5,200)

All income and expenditure relates to continuing operations.

Consolidated and University Statement of Changes in Reserves

As at 31 July 2017

Consolidated

	Income and expenditure account			Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	
Balance at 1 August 2015	1,318	2,053	108,337	111,708
(Deficit)/Surplus from the income and expenditure statement	(17)	95	4,400	4,478
Other comprehensive income	-	-	(8,841)	(8,841)
	(17)	95	(4,441)	(4,363)
Balance at 1 August 2016	1,301	2,148	103,896	107,345
Surplus from the income and expenditure statement	92	158	13,349	13,599
Other comprehensive income	-	-	1,879	1,879
Total comprehensive income for the year	92	158	15,228	15,478
Balance at 31 July 2017	1,393	2,306	119,124	122,823

University

	Income and expenditure account			Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	
Balance at 1 August 2015	1,318	2,053	108,217	111,588
(Deficit)/Surplus from the income and expenditure statement	(17)	95	3,563	3,641
Other comprehensive income	-	-	(8,841)	(8,841)
	(17)	95	(5,278)	(5,200)
Balance at 1 August 2016	1,301	2,148	102,939	106,388
Surplus from the income and expenditure statement	92	158	13,267	13,517
Other comprehensive income	-	-	1,879	1,879
Total comprehensive income for the year	92	158	15,146	15,396
Balance at 31 July 2017	1,393	2,306	118,085	121,784

Consolidated and University Balance Sheet

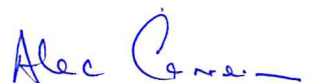
For the year ended 31 July 2017

	Note	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Intangible Assets	11b	329	329	553	553
Fixed assets	11a	178,011	177,971	175,949	175,871
Heritage assets	12	709	709	709	709
Fixed Asset Investments	14	74	74	94	94
		179,123	179,083	177,305	177,227
Current assets					
Stock	15	30	30	30	30
Trade and other receivables	16	10,692	11,183	22,069	22,646
Investments	17	156	156	148	148
Cash and cash equivalents	18	52,069	49,630	40,304	38,019
		62,947	60,999	62,551	60,843
Less: Creditors: amounts falling due within one year	19	(34,314)	(33,366)	(45,407)	(44,691)
Net current assets		28,633	27,633	17,144	16,152
Total assets less current liabilities		207,756	206,716	194,449	193,379
Creditors: amounts falling due after more than one year	20	(56,412)	(56,412)	(57,202)	(57,202)
Provisions					
Pension provisions	21	(28,520)	(28,520)	(29,784)	(29,784)
Other provisions	21	(1)	-	(118)	(5)
Total net assets		122,823	121,784	107,345	106,388
Restricted Reserves					
Income and expenditure reserve - endowment reserve	22	1,393	1,393	1,301	1,301
Income and expenditure reserve - restricted reserve	23	2,306	2,306	2,148	2,148
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		119,124	118,085	103,896	102,939
Total Reserves		122,823	121,784	107,345	106,388

The financial statements were approved by the Council on 28th November 2017, 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.



Dame Yve Buckland DBE
Pro Chancellor and Chair of Council



Professor Alec Cameron
Vice Chancellor and Chief Executive

Consolidated Cash Flow Statement

For the year ended 31 July 2017

	Notes	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Cash flow from operating activities			
Surplus for the year		13,599	4,478
Adjustment for non-cash items			
Depreciation	11a	9,215	8,755
Amortisation of intangibles	11b	232	-
(Gain)/loss on investments		(52)	73
Decrease/(increase) in stock	15	-	(8)
Decrease/(increase) in receivables	16	11,377	3,497
(Decrease)/increase in creditors	19	(10,132)	3,905
Increase/(decrease) in pension provision		615	1,999
(Decrease)/increase in other provisions	21	(117)	112
Adjustment for investing or financing activities			
Investment income	5	(240)	(173)
Interest payable	8	2,015	2,032
Endowment income	22	(39)	(28)
Loss on the sale of fixed assets		1	128
Net cash inflow from operating activities		26,474	24,770
Cash flows from investing activities			
Proceeds from sales of fixed assets		1	-
Disposal of non-current asset investments		19	64
Withdrawal of deposits		83	(107)
Investment income	5	240	173
Payments made to acquire fixed assets		(11,839)	(9,818)
Payments made to acquire intangible assets		(8)	-
New deposits	22	(39)	28
Net cash outflow from investing activities		(11,543)	(9,660)
Cash flows from financing activities			
Interest paid	8	(2,015)	(2,032)
Endowment cash received	22	39	28
New secured loans		-	-
New unsecured loans		-	-
Repayments of amounts borrowed		(1,178)	(1,077)
Capital element of finance lease and service concession payments		(12)	2
Net cash outflow from financing activities		(3,166)	(3,079)
Increase in cash and cash equivalents in the year		11,765	12,031
Cash and cash equivalents at beginning of the year	18	40,304	28,273
Cash and cash equivalents at end of the year	18	52,069	40,304

Notes to the Accounts

For the year ended 31 July 2017

1. Tuition Fees and Education Contracts

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Full-time home and EU students	79,101	79,101	67,605	67,605
Full-time international students	20,907	20,907	20,910	20,910
Other Tuition	1,155	1,155	1,728	1,728
Research Training Support Grant	904	904	914	914
	102,067	102,067	91,157	91,157

2. Funding Body Grants

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Recurrent grant				
Higher Education Funding Council	13,505	13,505	11,957	11,957
Capital Grant	1,486	1,486	1,426	1,426
Specific grants				
Higher Education Innovation Fund	1,258	1,258	1,036	1,036
Other	15	15	405	405
	16,264	16,264	14,824	14,824

3. Research Grants And Contracts

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Research councils	3,790	3,790	4,185	4,185
Research charities	1,162	1,162	1,086	1,086
Government (UK)	2,462	2,462	1,876	1,876
Government (Overseas)	4,448	4,448	4,976	4,976
Industry and commerce	1,727	1,727	1,083	1,083
Other	994	994	870	870
Deferred Grant Income	160	160	177	177
RDEC Grant	-	-	692	692
	14,743	14,743	14,945	14,945

Notes to the Accounts

For the year ended 31 July 2017

4. Other Income

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Service Concession Arrangement	14,646	14,646	14,305	14,305
Residences, Catering, Conferences, Nursery and Sports and Recreation	9,328	4,338	8,608	3,051
Other revenue grant income and Erasmus Grant	1,051	1,051	1,211	1,211
Rents, and hire of rooms and land	965	965	810	810
Release of Non HEFCE deferred capital grant	254	254	700	700
Other Income and Services Rendered	2,102	3,187	2,343	4,285
	28,346	24,441	27,977	24,362

5. Investment Income

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Investment income on endowments	18	18	20	20
Investment income on restricted reserves	27	27	29	29
Other investment income	195	232	124	124
	240	277	173	173

6. Donations and Endowments

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
New endowments	39	39	28	28
Donations with restrictions	647	647	1,174	1,174
Unrestricted donations	27	27	43	43
	713	713	1,245	1,245

Notes to the Accounts

For the year ended 31 July 2017

7. Staff Costs

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Salaries	58,968	58,239	56,994	56,275
Social security costs	6,104	6,023	5,132	5,073
Employer's pension contributions	14,417	14,241	12,488	12,331
Movement on USS provision	(885)	(885)	795	795
Other staff costs	2,207	2,193	934	934
	80,811	79,811	76,343	75,408

Emoluments of the Vice Chancellor Professor Dame Julia King to 31 October 2016:

	Year Ended 31 July 2017	Year Ended 31 July 2016
	£'000	£'000
Salary	70	321
Performance Related Pay	31	28
	101	349

The emoluments of the Vice Chancellor above exclude employer's social security and pension contributions. The Vice Chancellor ceased active membership of USS in April 2012 and therefore there were no employer contributions in 2016-17 or 2015-16. The University accrued contributions including interest of £9,863 (2015-16: £51,257) in respect of an unregistered, unfunded, retirement benefits scheme.

Emoluments of the Vice Chancellor Professor Alec Cameron from 31 October 2016:

	Year Ended 31 July 2017	Year Ended 31 July 2016
	£'000	£'000
Salary	245	-
Performance Related Pay	-	-
Benefits in Kind	4	-
	249	-

The emoluments of the Vice Chancellor above exclude employer's social security and pension contributions. The Vice Chancellor is not a member of the USS pension scheme and therefore there were no employer contributions in 2016-17 or 2015-16. The University made a benefit replacement payment of £37,937 (2015-16: £nil) in lieu of pension contributions.

Notes to the Accounts

For the year ended 31 July 2017

7. Staff Costs – Continued

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

	Year Ended 31 July 2017 Number	Year Ended 31 July 2016 Number
£100,000 to £109,999	9	9
£110,000 to £119,999	8	9
£120,000 to £129,999	5	5
£130,000 to £139,999	3	2
£140,000 to £149,999	-	-
£150,000 to £159,999	-	1
£160,000 to £169,999	1	1
£170,000 to £179,999	1	-
£180,000 to £189,999	1	-
£190,000 to £199,999	-	-
£200,000 to £209,999	-	1
£210,000 to £219,999	-	-
£220,000 to £229,999	-	-
£230,000 to £239,999	-	-
£240,000 to £249,999	-	-
£250,000 to £259,999	-	-
£260,000 to £269,999	2	1
£270,000 to £279,999	-	-
£280,000 to £289,999	-	1

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

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Compensation Payable	-	75
	-	75

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

Notes to the Accounts

For the year ended 31 July 2017

7. Staff Costs – Continued

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

	2016-17 Number	2015-16 Number
Academic	656	609
Technical	50	50
Administrative	354	350
Clerical, manual and other	386	384
	<u>1,446</u>	<u>1,393</u>

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. These have been defined as members of the University's Executive. Staff costs includes compensation paid to key management personnel.

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Key Management Compensation	2,875	2,921
	<u>2,875</u>	<u>2,921</u>

Notes to the Accounts

For the year ended 31 July 2017

8. Interest and Other Finance Costs

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Loan interest	1,450	1,450	1,484	1,484
Net charge on pension scheme	565	565	548	548
	2,015	2,015	2,032	2,032

9. Analysis of Total Expenditure by Activity

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Academic and Related Expenditure	67,780	67,780	63,234	63,234
Administration and Central Services	28,605	28,641	27,215	27,215
Service Concession Arrangement	14,919	14,919	14,305	14,305
Premises	15,042	15,042	16,827	16,827
Residences, Catering and Conferences	5,702	1,902	5,118	2,023
Research Grants and Contracts	11,172	11,172	10,703	10,703
Other Expenses	5,583	5,583	7,984	8,207
	148,803	145,039	145,386	142,514

Other Expenses include:

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
External auditors remuneration:				
Audit services	46	42	47	43
Non-audit services	-	-	102	100
Operating lease rentals	133	133	118	118
Maintenance of land and buildings	5,123	5,123	7,353	7,353

Notes to the Accounts

For the year ended 31 July 2017

10. Taxation

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Current tax				
Current tax expense	135	-	250	143
Adjustment in respect of previous years	(107)	-	-	-
Current tax expense	28	-	250	143
Deferred tax				
Origination/reversal of timing differences	(6)	-	6	-
Deferred tax expense	(6)	-	6	-
Total tax expense	22	-	256	143

Notes to the Accounts

For the year ended 31 July 2017

11a. Fixed Assets

Consolidated	Freehold Land and Buildings £'000	Buildings in the Course of Construction £'000	Equipment £'000	Equipment Work in Progress £'000	Total £'000
Cost or valuation					
At 1 August 2016	170,240	4,011	54,376	324	228,951
Additions	-	7,266	1,753	2,258	11,277
Transfers	4,190	(4,301)	1,129	(1,018)	-
Disposals	-	-	-	-	-
At 31 July 2017	174,430	6,976	57,258	1,564	240,228
Depreciation					
At 1 August 2016	12,622	-	40,380	-	53,002
Charge for the year	6,008	-	3,207	-	9,215
Disposals	-	-	-	-	-
At 31 July 2017	18,630	-	43,587	-	62,217
Net Book Value					
At 31 July 2017	155,800	6,976	13,671	1,564	178,011
At 31 July 2016	157,618	4,011	13,996	324	175,949
University					
	Freehold Land and Buildings £'000	Buildings in the Course of Construction £'000	Equipment £'000	Equipment Work in Progress £'000	Total £'000
Cost or valuation					
At 1 August 2016	170,240	4,011	54,072	324	228,647
Additions	-	7,266	1,753	2,258	11,277
Transfers	4,190	(4,301)	1,129	(1,018)	-
Disposals	-	-	-	-	-
At 31 July 2017	174,430	6,976	56,954	1,564	239,924
Depreciation					
At 1 August 2016	12,622	-	40,154	-	52,776
Charge for the year	6,008	-	3,169	-	9,177
Disposals	-	-	-	-	-
At 31 July 2017	18,630	-	43,323	-	61,953
Net Book value					
At 31 July 2017	155,800	6,976	13,631	1,564	177,971
At 31 July 2016	157,618	4,011	13,918	324	175,871

At 31 July 2017, freehold land and buildings includes £51.0m (2016: £51.0m) in respect of freehold land which is not depreciated.

Notes to the Accounts

For the year ended 31 July 2017

11b. Intangible Assets

Software	Consolidated	University
	£'000	£'000
At 1 August 2016	553	553
Additions in the year	8	8
Amortisation charge for the year	(232)	(232)
At 31 July 2017	329	329

12. Heritage Assets

Heritage assets with a fair value of greater than £10,000 have been capitalised in line with the accounting policies.

Consolidated and University	2016-17	2015-16
	£'000	£'000
Heritage Assets brought forward	709	709
Acquisitions purchased with specific donations	-	-
Acquisitions purchased with University funds	-	-
Total cost of acquisitions purchased	-	-
Value of acquisitions by donation	-	-
Heritage Assets carried forward	709	709

Notes to the Accounts

For the year ended 31 July 2017

13. Service Concession Arrangements

During the year, the University had one on Balance Sheet arrangement where service delivery ceased.

Movement in Service Concession Arrangement Debtor

The total debtor relating to the service concession included in the Balance Sheet as at 31 July 2017 is £nil (2015-16: £14,645,904).

Movement in Service Concession Arrangement Liabilities

The total liabilities relating to the service concession included in the Balance Sheet as at 31 July 2017 were £nil (2015-16: £14,645,904).

On 21 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 were recognised on the University's Balance Sheet.

On 10 February 2017, Aston Student Village accommodation was sold to Unite Students, a specialist provider of student accommodation. A service concession arrangement does not apply beyond this date and so there is no further debtor or liability on the Balance Sheet as at 31 July 2017.

Notes to the Accounts

For the year ended 31 July 2017

14. Fixed Asset Investments

These are consolidated as explained in the Statement of Principal Accounting Policies (Basis of consolidation).

Consolidated	Subsidiary Investment in	Other fixed	Total	
	companies	spinouts		assets investments
	£'000	£'000	£'000	
At 1 August 2016	-	1	93	94
Additions	-	1	-	1
Disposals	-	-	(21)	(21)
Impairment	-	-	-	-
At 31 July 2017	-	2	72	74

University	£'000	£'000	£'000	£'000
At 1 August 2016	-	1	93	94
Additions	-	1	-	1
Disposals	-	-	(21)	(21)
Impairment	-	-	-	-
At 31 July 2017	-	2	72	74

The University has minority interests in the following companies:

Other fixed asset investments consist of :	As at 31 July 2017 £
Subsidiary Companies*:	
Conference Aston Limited	1
Optimus Energy Limited	1
EBRI (UK) Limited	1
Aston University Consulting Limited	1
Investment in Spinout Companies:	
Aston Eyetech Limited	895
Aston Particle Technologies Limited	1
Grid Edge Limited	501
Other Fixed Asset Investments:	
Sapere Systems Limited	18
CVCP Properties Limited	31,539
Tiziana Life Sciences Plc	18,106
Mercia Technologies Plc	22,473
Consolidated Total	73,537

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

Notes to the Accounts

For the year ended 31 July 2017

15. Stock

	As at 31 July 2017		As at 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
General consumables	30	30	30	30
	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>

16. Trade and Other Receivables

	As at 31 July 2017		As at 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research grants receivables	2,602	2,602	1,702	1,702
Trade receivables	4,373	3,656	2,182	1,453
Service Concession Arrangement	-	-	14,646	14,646
Prepayments and accrued income	3,717	3,674	3,539	3,732
Amounts due from subsidiary companies	-	1,251	-	1,113
	<u>10,692</u>	<u>11,183</u>	<u>22,069</u>	<u>22,646</u>

The prior year numbers have been re-presented to more accurately reflect the split of receivables. The total has not changed.

17. Investments

	As at 31 July 2017		As at 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Short Term Investment in Unit Trust	156	156	148	148
	<u>156</u>	<u>156</u>	<u>148</u>	<u>148</u>

Aston University has an investment of £156k 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, it is deemed to be a short term investment.

Notes to the Accounts

For the year ended 31 July 2017

18. Cash and Cash Equivalents

Consolidated	At 1st August	Cash	At 31st July
	2016	Flows	2017
	£'000	£'000	£'000
Cash and cash equivalents	40,304	11,765	52,069
	<u>40,304</u>	<u>11,765</u>	<u>52,069</u>
University	At 1st August	Cash	At 31st July
	2016	Flows	2017
	£'000	£'000	£'000
Cash and cash equivalents	38,019	11,611	49,630
	<u>38,019</u>	<u>11,611</u>	<u>49,630</u>

Aston University invests surplus cash funds through money market deposits with UK financial institutions and investments in Charibond, Charifund and COIF Charities Investment Fund.

Notes to the Accounts

For the year ended 31 July 2017

19. Creditors: Amount Falling Due Within One Year

	As at 31 July 2017		As at 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Secured Loans	1,254	1,254	1,077	1,077
Unsecured Loans	7	7	58	58
Research Grants and Contracts in advance	7,160	7,160	5,303	5,303
Obligations under finance leases	235	235	247	247
Service Concession Arrangements (Note 13)	-	-	14,646	14,646
Accruals and deferred income	14,853	14,376	15,731	15,047
Other Taxation and social security	2,228	2,093	1,858	1,858
Other creditors	8,167	7,831	6,093	6,061
Repayment of pension fund deficit	410	410	394	394
	34,314	33,366	45,407	44,691

The prior year numbers have been re-presented to more accurately reflect the split of creditors. The total has not changed.

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.

	As at 31 July 2017		As at 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Research grants received on account	7,160	7,160	5,303	5,303
Capital grant income	1,866	1,866	1,795	1,795
Other income	5,312	5,238	2,669	2,669
	14,338	14,264	9,767	9,767

Notes to the Accounts

For the year ended 31 July 2017

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

	As at 31 July 2017		As at 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred income	19,045	19,045	19,019	19,019
Obligations under finance lease	426	426	306	306
Repayment of pension fund deficit	426	426	-	-
Secured loans	36,497	36,497	37,751	37,751
Unsecured loans	18	18	126	126
	56,412	56,412	57,202	57,202
Analysis of secured and unsecured loans:				
Due within one year or on demand (Note 19)	1,261	1,261	1,077	1,077
Due between one and two years	1,440	1,440	1,290	1,290
Due between two and five years	4,538	4,538	4,499	4,499
Due in five years or more	30,537	30,537	32,088	32,088
Due after more than one year	36,515	36,515	37,877	37,877
Total secured and unsecured loans	37,776	37,776	38,954	38,954
Secured loans repayable by 2037	37,751	37,751	38,771	38,771
Unsecured loans	25	25	183	183
	37,776	37,776	38,954	38,954

Lender	Principal Amount £'000	Interest rate %	Term	Borrower
Barclays Bank Plc	40,000	3.86	2037	University
European Investment Bank	5,000	2.15	2035	University
Salix	286	0.00	2020	University
	45,286			

The long-term loan comprises two loans:

Barclays Bank – This loan is payable in quarterly instalments from 2008 to 2037 and is secured on a building of the University.

European Investment Bank (EIB) – this was agreed in April 2015 to support investment in capital infrastructure. Capital repayments have not yet started on this loan as there is a capital repayment holiday of 3 years.

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 Accounts

For the year ended 31 July 2017

21. Provisions For Liabilities

Consolidated

	Obligation to fund deficit on USS Pension £'000	Obligation to fund deficit on AUPS Pension £'000	Pension enhancement on Termination £'000	West Midlands Pension Fund Provision £'000	Total Pension Provision £'000	Deferred Tax £'000	Total Other £'000
At 1 August 2016	19,205	10,305	212	62	29,784	118	118
Utilised in year	-	-	(222)	-	(222)	(117)	(117)
Additions	-	-	10	(4)	6	-	-
Additions for actuarial gain	(543)	(505)	-	-	(1,048)	-	-
At 31 July 2017	18,662	9,800	-	58	28,520	1	1

University

	Obligation to fund deficit on USS Pension £'000	Obligation to fund deficit on AUPS Pension £'000	Pension enhancement on Termination (a) £'000	West Midlands Pension Fund Provision (b) £'000	Total Pension Provision £'000	Insurance and Tax Provisions £'000	Total Other £'000
At 1 August 2016	19,205	10,305	212	62	29,784	5	5
Utilised in year	-	-	(222)	-	(222)	(5)	(5)
Additions	-	-	10	(4)	6	-	-
Additions for actuarial gain	(543)	(505)	-	-	(1,048)	-	-
At 31 July 2017	18,662	9,800	-	58	28,520	-	-

- 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 Accounts

For the year ended 31 July 2017

22. Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Expendable endowments £'000	2016-17 Total £'000	2015-16 Total £'000
Balances at 1 August 2016				
Capital	910	146	1,056	1,088
Accumulated income	230	15	245	230
	<u>1,140</u>	<u>161</u>	<u>1,301</u>	<u>1,318</u>
New endowments	1	38	39	28
Investment income	16	2	18	20
Expenditure	(3)	(50)	(53)	(81)
(Decrease)/increase in market value of investments	76	10	86	16
Transfers in year	-	2	2	-
Total endowment comprehensive income for the year	<u>90</u>	<u>2</u>	<u>92</u>	<u>(17)</u>
At 31 July 2017	<u>1,230</u>	<u>163</u>	<u>1,393</u>	<u>1,301</u>
Represented by:				
Capital	985	140	1,125	1,056
Accumulated income	245	23	268	245
	<u>1,230</u>	<u>163</u>	<u>1,393</u>	<u>1,301</u>
Analysis by type of purpose:				
Academic chairs	580	59	639	590
Scholarships and bursaries	542	33	575	354
Prize funds	15	55	70	259
General	93	16	109	98
	<u>1,230</u>	<u>163</u>	<u>1,393</u>	<u>1,301</u>
Analysis by asset:				
Current and non-current asset investments			156	148
Cash & cash equivalents			1,237	1,153
			<u>1,393</u>	<u>1,301</u>

Deficit Balances

Aston University did not have any permanent endowments in deficit in either the 2016-17 or 2015-16 financial years.

Notes to the Accounts

For the year ended 31 July 2017

23. Restricted Reserves

	Unspent Capital Grants £'000	Restricted Donations £'000	2016-17 Total £'000	2015-16 Total £'000
Balances at 1 August 2016	-	2,148	2,148	2,054
New grants	1,316	-	1,316	1,831
New donations	-	647	647	1,174
Investment income	-	27	27	29
Capital grants utilised	(1,316)	-	(1,316)	(2,243)
Expenditure	-	(514)	(514)	(697)
Transfer in year	-	(2)	(2)	
At 31 July 2017	-	2,306	2,306	2,148

Analysis of Other Restricted Funds / Donations by Type:

	2016-17 Total £'000	2015-16 Total £'000
Academic chairs	168	166
Scholarships and bursaries	853	755
Prize funds	23	25
General	1,262	1,202
At 31 July 2017	2,306	2,148

Notes to the Accounts

For the year ended 31 July 2017

24. 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 separately 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 Consolidated Group was:

	2016-17 £000	2015-16 £000
Contributions to USS	12,630	10,513
Contributions to AUPS	1,698	1,879
Contributions to LGPS in relation to closed scheme	-	11
Enhanced Pension Provisions	-	5
NEST and other pension contributions	89	80
Total Pension Cost	14,417	12,488

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

	2016-17 £000	2015-16 £000
USS	1,111	994
AUPS	139	131
	1,250	1,125

Summary of FRS 102 Liabilities

Analysis of the Amount Shown in the Balance Sheet:

	AUPS £000
Total market value of assets	97,101
Present value of scheme liabilities	(106,901)
Deficit in the scheme - Net Pension Liability	(9,800)

Notes to the Accounts

For the year ended 31 July 2017

24. Pension Schemes Continued

USS

The total provision released to the profit and loss account is £543k (2015-16: £1,339k cost) as shown in note 21.

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. The valuation as at 31 March 2017 is underway.

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:

	2016-17	2015-16
Discount Rate	2.57%	3.6%
Pensionable salary growth	-	-
Pensions Increases (CPI)	2.41%	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	98% of S1NA ["light"] YoB tables	- No age rating
Female members' mortality	99% of S1NA ["light"] YoB tables	- Rated down 1 year

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

The current life expectancies on retirement at age 65 are:

	2016-17	2015-16
Males currently aged 65 years	24.4	24.3
Females currently aged 65 years	26.6	26.5
Males currently aged 45 years	26.5	26.4
Females currently aged 45 years	29.0	28.8

	2016-17	2015-16
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

Notes to the Accounts

For the year ended 31 July 2017

24. 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 31 March 2016 by a qualified independent actuary. The material assumptions and other data used by the actuary were:

	2016-17	2015-16
Salary scale increases per annum	2.75%	2.20%
Pension increases per annum (post 1.9.90 joiners)	3.15%	2.65%
Pension increases per annum (pre 1.9.90 joiners)	3.65%	3.45%
Discount rate	2.60%	2.45%
Consumer Price inflation	2.25%	1.70%
Retail Price inflation	3.25%	2.70%

The assumptions used by the actuary are best estimates chosen from a range of actuarial assumptions which are acceptable under the requirements of FRS102.

The FRS102 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, adopting the CMI 2013 projections with a 1% pa long term trend. The assumed life expectancies on retirement at age 65 are:

	2016-17	2015-16
Retiring today		
Males	20.9	20.9
Females	23.5	23.4
Retiring in 20 years		
Males	22.5	22.4
Females	25.6	25.6

	Fund Value at 31 July 2017 £000	Fund Value at 31 July 2016 £000
Scheme assets and assumptions on investment returns:		
Equity securities	50,899	53,449
Debt securities - corporate	13,983	13,225
Debt securities - government	23,960	21,323
Cash and cash equivalents	644	697
Real estate	7,596	-
Insurance contracts	19	18
	97,101	88,712

Notes to the Accounts

For the year ended 31 July 2017

24. 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:

	2016-17 £000	2015-16 £000
Total value of assets	97,101	88,712
Actuarial value of liabilities	<u>(106,901)</u>	<u>(99,017)</u>
Deficit of funded scheme liabilities	<u>(9,800)</u>	<u>(10,305)</u>

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

	2016-17 £000	2015-16 £000
Current service cost	2,630	2,151
Administration cost	<u>596</u>	<u>454</u>
Total Operating Charge	<u>3,226</u>	<u>2,605</u>

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

	2016-17 £000	2015-16 £000
Interest income on scheme assets	2,168	2,920
Interest payable on scheme liabilities	<u>(2,391)</u>	<u>(2,923)</u>
Net Interest on Net Defined Benefit Liability	<u>(223)</u>	<u>(3)</u>

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

	2016-17 £000	2015-16 £000
Actual return on assets excluding amounts included in net interest	7,501	5,108
Actuarial losses on scheme obligations	<u>(5,622)</u>	<u>(13,949)</u>
Re-measurement gain / (loss) in scheme	<u>1,879</u>	<u>(8,841)</u>

Notes to the Accounts

For the year ended 31 July 2017

24. Pension Schemes Continued

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

	2016-17 £000	2015-16 £000
Opening Defined Benefit Obligation	99,017	82,393
Current Service Cost	2,630	2,151
Administration Cost	596	454
Interest Cost	2,391	2,923
Contributions by Scheme Participants	17	18
Actuarial Losses	5,622	13,949
Benefits Paid	(3,372)	(2,871)
Closing Defined Benefit Obligation	106,901	99,017

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

	2016-17 £000	2015-16 £000
Opening Fair Value of Scheme Assets	88,712	81,540
Interest Income	2,168	2,920
Contributions by Aston University	2,076	1,997
Contributions by Scheme Participants	17	18
Actual Return on Assets Excluding Amounts Included in Net Interest	7,500	5,108
Benefits Paid	(3,372)	(2,871)
Closing Fair Value of Scheme Assets	97,101	88,712

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 Accounts

For the year ended 31 July 2017

25. Fees Paid To External Auditor

Fees paid to the University's external auditor for the provision of audit services amounted to £41,500 for the University and £4,000 for its subsidiary company (2015-16: £42,500 for the University and £4,500 for its subsidiary company). Fees to the auditors for the provision of non-audit services amounted to £nil for the University and £nil for the subsidiary company (2015-16: £100,370 for the University and £1,200 for the subsidiary company).

26. Capital, Other Commitments And Contingent Liabilities

Provision has not been made for the following capital commitments at 31 July 2017:

	31 July 2017		31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	5,514	5,514	3,805	3,805
	<u>5,514</u>	<u>5,514</u>	<u>3,805</u>	<u>3,805</u>

Contingent Liabilities at 31 July 2017:

	31 July 2017		31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Highways Act 1980 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 Accounts

For the year ended 31 July 2017

27. Lease Obligations

Total rentals payable under operating leases:

	31 July 2017		31 July 2016	
	Other leases £'000	Total £'000	Other leases £'000	Total £'000
Future minimum lease payments due:				
Less than 1 year	205	205	57	57
Between 1 year and 5 years	388	388	34	34
Later than 5 years	-	-	-	-
Total lease payments due	593	593	91	91

28. 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	14
Optimus Energy Limited	Dormant	100% owned	14
EBRI (UK) Limited	Dormant	100% owned	14
Aston University Consulting Limited	Dormant	100% owned	14

Notes to the Accounts

For the year ended 31 July 2017

29. 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 2017, 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-ongoing 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 Accounts

For the year ended 31 July 2017

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.

Notes to the Accounts

For the year ended 31 July 2017

31. Related Party Transactions

The University's Council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the University Council (with members 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 2016-17, 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 Students' Union	-	622	-
Aston Student Villages	875	-	-
Birmingham Children's Hospital	451	55	25
Capgemini UK PLC	270	-	-
National Grid PLC	491	-	-
University of Surrey	263	5	-

Aston Students' Union

Two members of Council are employees.

Aston Student Villages

One member of Council was a Trustee.

Birmingham Children's Hospital

One member of Council is on the Board.

Capgemini UK PLC

One member of Council is an employee.

National Grid PLC

One member of Council is a non-executive Director.

University of Surrey

One member of Council's brother is an employee of the University of Surrey.

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 2017 and 2016.