

Annual Accounts
2010-2011



ASTON UNIVERSITY

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ASTON UNIVERSITY

THE COUNCIL MEMBERSHIP DURING 2010-2011

Ex-officio

Sir Michael Bett, CBE	- The Chancellor (<i>until 4th May 2011</i>)
Sir John Sunderland	- The Chancellor (<i>from 4th May 2011</i>)
Dr P Golby, CBE	- The Pro-Chancellor (Chairman)
Professor J E King, CBE	- The Vice-Chancellor
Professor H E Higson, OBE	- Senior Pro-Vice-Chancellor
Professor R F Berry	- Executive Dean and Head of School
Professor H R Griffiths	- Executive Dean and Head of School
Professor P M Moores, OBE	- Executive Dean and Head of School
Professor M A West	- Executive Dean and Head of School (<i>until 31st December 2010</i>)
Professor J S Edwards	- Executive Dean and Head of School (<i>from 1st January 2011</i>)
Mrs A M MacKinlay	- Secretary-Registrar (Chief Operating Officer)
Mr A Hewgill	- Chief Financial Officer

Appointed

Dr K Ahmed, CBE
Ms P Barber
Mr P Bhopal
Dr C Braddock, CBE
Mr S J Doughty, CMG
Dr J P Fletcher
Dr M Goldman
Dr E V Insch, OBE
Mr P Pharaoh
Mr M J Russell
Mr B Smith
Sir John Sunderland (*until 4th May 2011*)
Dr A J Sutherland
Mr N J Tamblyn
Dr P Warsi, CBE
Mr P M Williams

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

The University is an exempt charity, exempted from registration with the Charity Commission by virtue of Schedule 2 of the Charities Act 1993.

ASTON UNIVERSITY

OFFICERS OF ASTON UNIVERSITY DURING 2010-2011

Chancellor

Sir Michael Bett, CBE, MA, CCIPD, HonDBA, Hon DSc (*until 4th May 2011*)

Sir John Sunderland, MA, HonDLitt (*from 4th May 2011*)

Pro-Chancellor

Dr P Golby, CBE, BSc, PhD, HonDSc, FREng, FEI

Vice-Chancellor

Professor J E King, CBE, MA, PhD, HonDSc, FREng, CEng, FIMMM, FInstP, FRAeS, FIMarEST, FCGI, FRSA, FEI

Senior Pro-Vice-Chancellor

Professor H E Higson, OBE, MA, PhD, FHEA, FAUA, FRSA

Pro-Vice-Chancellors

Dr P Extance, MA, PhD

Professor M Griffin, BSc, PhD, FIBiol

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

Executive Dean and Head of School of Engineering and Applied Science

Professor R F Berry, PhD

Executive Dean and Head of School of Life and Health Sciences

Professor H R Griffiths, BSc, PhD

Executive Dean and Head of School of Languages and Social Sciences

Professor P M Moores, OBE, MA, PhD

Executive Dean and Head of Aston Business School

Professor M A West, BSc(Econ), PhD, CPsychol, FBPsS, FAPA, FRSA (*until 31st December 2010*)

Professor J S Edwards, MA, PhD, FORS, EHEA (*from 1st January 2011*)

Secretary-Registrar (Chief Operating Officer)

Mrs A M MacKinlay, BA

Chief Financial Officer

Mr A Hewgill, BSc, ACMA

ASTON UNIVERSITY OPERATING AND FINANCIAL REVIEW

This report presents the financial results for the University and its subsidiary undertakings for the year to 31 July 2011 and provides details of the key achievements of the University in the year as well as noting the challenges and pressures of the environment within which it operates.

Scope of the Financial Statements

The Financial Statements for the year ended 31 July 2011 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 financial results of the independently managed Student Guild which is reported separately. The Guild have applied for registration with the Charities Commission but at the 31 July registration had not been completed.

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

Results for the year

The University recorded turnover of £112m with a reported operating deficit of £0.1m. During the year the University has made annualised cost savings amounting to some £6m, including the redundancy and early retirement of 99 staff who applied under terms of a voluntary severance scheme. The operating result before redundancy costs of £3.6m and £0.1m credit for the disposal of a business was a surplus of £3.4m.

Income

	2011 £'000	2010 £'000	Increase/ (Decrease) %	Increase / (Decrease) £'000
Funding Council Grants	34,319	36,472	(5.90%)	(2,153)
Academic teaching fees and support grants	51,950	47,370	9.67%	4,580
Research grants and contracts	9,695	8,860	9.43%	835
Other operating income	15,615	17,107	(8.72%)	(1,492)
Endowment income and interest	371	701	(47.08%)	(330)
Total Income	111,950	110,510	1.30%	1,440

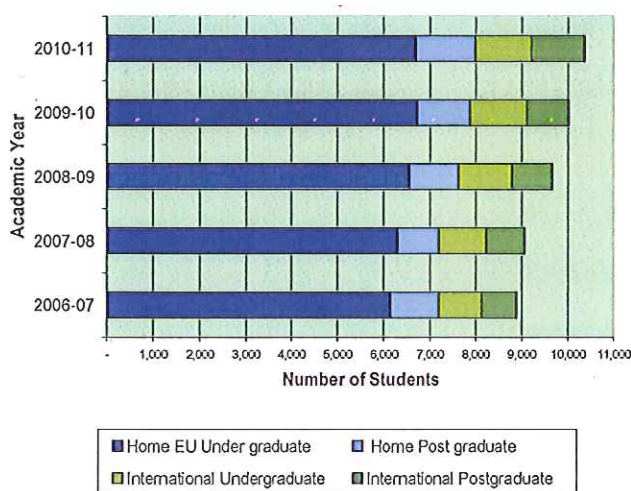
Total income has increased by 1.3% to £112m. Student tuition fees have increased by 9%, as a result of all Home /EU undergraduates now being subject to variable tuition fees for the first time and as a result of overseas student numbers and fees increases.

HEFCE income now accounts for 31% (2010: 33%) of total income, while the recurrent teaching grant is now 25% of total income, compared with 27% last year.

Other operating income has fallen due to reduced royalty income arising from the expiry of Temozolomide patents in a number of countries, difficult trading conditions for Conference Aston and the effect of the disposal of the Aston University Day Hospital business in April 2010.

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

Analysis of the student population



The growth in overseas student numbers means that overseas fee income has once again exceeded fees collected from home students. International students represent 23% of the total student population.

Research Income

Reported research income increased by 9.4% during the year. Considerable effort has been made to increase the value of research grants awarded to the University. £18.5m of grants were won in the year including a £7.2m ERDF capital grant funding for the construction of the European Bioenergy Research Institute. The University is investing in the establishment of cross-disciplinary teams to develop collaborative grant applications in order to further strengthen grant application success rates.

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

Expenditure

	2011	2010	Increase %	Increase £'000
Staff costs	64,776	61,737	4.92%	3,039
Depreciation	8,348	7,946	5.05%	401
Other operating expenses	37,217	38,950	(4.45%)	(1,733)
Interest payable	1,907	2,196	(13.17%)	(289)
Total Expenditure	112,248	110,829	1.28%	1,419

Staff costs include severance and early retirement payments of £3.6m as 99 staff left, the majority at the end of March, as a result of a voluntary severance scheme. The national pay award of 0.4% came into effect from August 2010 and combined with incremental increases, resulted in an overall increase of some 1.0%. Staff costs represent 58% of total income (2010: 56%).

The Aston University Pension Scheme, reported under FRS17, has shown an improvement of £3.3m in the year with the deficit of £6.7m reducing to £3.4m. The FRS17 accounting adjustment gives rise to a reduction in pension costs charged in the Income and Expenditure account of £0.5m (2009-10: £0.9m).

Other Operating Expenses

Operating expenses reduced by £1.7m, representing a reduction of 4% on the previous year, reflecting the part year effect of the cost-saving actions referred to earlier.

An increase in funding of academic departments and service continued to be made. The value of bursaries awarded to students increasing by £0.5m, largely in response to the increased number of students subject to top-up fees. A reanalysis of Knowledge Transfer Partnerships into research have increased research costs by £0.5m, whilst other

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research costs are increasing in line with activity.

The annual depreciation charge has increased in the year by 5% (£0.4m), as a result of the continued investment in University infrastructure. The University has continued to modernise and extend its facilities for teaching, research and students, with capital investment of £22m in the year to 31 July 2011 (compared to £13m in 2010). Key developments in the year were: extending and refurbishing the library, building the Aston Brain Centre and the refurbishment of the Doug Ellis Woodcock Sports Centre.

The construction of phase 2 of the new residences by Aston Student Villages (ASV) commenced in the year and is due for completion in July 2013. The second phase of the development will add a further 1063 rooms to the 1,307 new ensuite rooms completed in phase 1 of construction. On completion of phase 2, ASV will have around 3,000 student rooms on campus. The capital expenditure on the new residences is reflected in the accounts of ASV.

ASV is an independent, registered charity, whose Board comprises Trustees appointed by the University, the facilities management company and the funder.

In December 2007 the University acquired land and buildings from Birmingham City University adjoining Aston University campus under a sale and lease back arrangement. The buildings continued to be occupied by Birmingham City University for a minimum period of 4 years with the property classed as an investment property in Aston University's accounts. Following the approval of Aston University's estates strategy and clarification of the date on which Birmingham City University are expected to vacate the site, the land and buildings have been reclassified as fixed assets on 31 July 2011.

Cashflow and Investment Performance

Cash and liquid resources have increased to £35m (2010: £34m) despite the £22.6m of capital investment.

The loan portfolio of the University remains at £38m. The loans amortise over periods to 2037.

Bank interest generated on the University cash deposits was £0.3m (2010: £0.7m). This represents an average rate of return during the year of 0.7% (2010: 1.2%). The interest rates that the University is currently able to attract are ranging between 0.2% - 1.8%.

Interest payable has reduced this year to £1.9m (2010: £2.2m) as a result of the increased FRS 17 credit.

Key Performance Indicators

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

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

The KPIs encompass student success measures together with financial and non-financial indicators which include monitoring of research activity, results of staff and student surveys and assessment of the University estate.

Environment & Sustainability

The Environment and Sustainability Team, working closely with the newly-appointed Energy Manager, have made progress in a number of areas this year.

Aston achieved the Gold EcoCampus award in June 2011. EcoCampus is an environmental management system specifically designed for Universities, equivalent to ISO14001. The Gold award

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is the third phase and we are aiming for the Platinum award by the end of 2011.

We upheld our impressive 5th place in the People & Planet Green League, making us the highest-placed research intensive University and highest in the city.

Aston was also awarded a Business in the Community highly-commended Award for Engaging Employees in Sustainability, recognising the hard work we have put into projects and campaigns such as Go Green Week, the Go Green Awards and the newly launched Energy Champions Network.

We achieved our carbon emissions reduction target for the year, as set out in our Carbon Management Plan. Overall figures show a reduction of around 20% (based on 2010/11 figures against the previous year). The majority of this reduction can be attributed to the now fully-operational CHP plant as well as a number of energy and water saving features, some implemented using the latest instalments from the Salix Revolving Green Fund. We have now come to the end of this funding but continue to recoup the financial savings which are being reinvested in further energy-saving projects, amounting to £60,000 in the current year.

In other areas, we have successfully rolled out our recycling centres across the majority of the campus, in line with our new Waste Management contract, due to start in October 2011. This contract should deliver financial savings as well as ensuring our legal compliance and meeting our target of zero waste to landfill by 2012 and increased recycling rates year on year. In 2011 we also ran, for the first time, a successful Zero Waste from Halls project, encouraging students to donate their unwanted items to charity. This meant we diverted a large amount of waste from landfill and reduced the need for additional skips on campus.

Corporate Governance

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

Equality and Diversity

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

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

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Equality and diversity is at the heart of Aston's culture and values, expressed in Aston 2020, the University's putative Strategic Plan.

The Future

There are significant changes taking place within higher education in England. With higher fees from 2012/13, Home/EU students will demand increased quality in the courses that they will largely pay for. In an increasingly competitive environment, more emphasis will be placed on widening participation, graduate employment prospects, student choice and the overall student experience.

Reduction in research income available from Government-supported grants may lead to greater specialisation in research and more co-operation between universities.

These changes will, over time, lead to a significant shift in the competitive landscape of higher education in England.

We believe that Aston University is adapting well to this new environment and is able to look to the future with confidence and we expect to launch our new strategy, Aston – Going Forward to 2020, by the end of 2011. This strategy sets out how Aston will be even more distinctive within a crowded, and increasingly competitive, environment.

The University's two core strategic aims are to deliver world-leading Aston graduates and Aston research.

Key elements of our teaching strategy are the commitments to further improve:

- our recruitment of students from low income and disadvantaged backgrounds;
- our record of student employment by providing all students with the chance of a placement year as well as the opportunity to improve their language, inter-cultural and inter-personal skills;
- the quality of their learning and teaching experience.

Research will always be central to Aston, underpinning everything that we do. Our strategy focusses on addressing real world needs and providing practical answers, whilst continuing to support and promote cutting edge fundamental research.

We will continue to develop our relationships and collaborations with international partner universities, and we will further develop our partnerships and business engagement both in the Midlands and with large national organisations.

In addition, the University has clear strategies for finance and estates, and sustainability and social responsibility, that support our core aims.

Progress against the Aston 2020 strategy will be measured using key performance indicators (KPIs).

Principal Risks and Uncertainties

Government funding: significant cuts in direct HEFCE funding for the government fiscal years 2011/12 and beyond have been announced. The University is seeking income and efficiency gains of £10m by 2012/13 to offset the anticipated reductions in income, with some £6m p.a. of savings expected in 2011/12, following actions taken in 2010/11.

Student numbers: The introduction of £9,000 tuition fees for Home/EU students will increase the University's reliance on fee income. The changes to student number controls as set out in the Government's 2011 white paper will have consequences that are difficult to accurately predict in relation to future numbers of UK undergraduates at Aston and other English universities.

The University is actively working to evaluate this risk and mitigate it by, amongst other things, ensuring it can bid for as many students as possible and by making its scholarships and bursaries

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attractive, through its access agreement with the Office of Fair Access (OFFA).

In addition, the more restrictive student entry visa available to international students has made the UK a less attractive destination for international under-graduate and post-graduate students. There has already been a material adverse impact on overseas student numbers in UK universities in 2011/12.

23% of Aston's students come from outside the EU, which makes it more susceptible to this risk or economic or exchange rate problems.

The University is alert to this risk and takes measures through its international office to build relationships overseas and to ensure that the University's offering remains attractive to overseas students.

Research income: the University had research income of £9.7m in 2010/11. Some of this was from UK government agencies, some from Europe and some from industry and other charities. There is potential for this income to reduce due to financial constraints on government agencies and, also, because of the ongoing recession. In addition, the pressure on universities finances will further increase the competition for research funds.


The University has improved the level of its research awards in 2010/11, which will support higher income in 2011/12 and continues to invest in its facilities and staff to ensure that its research activities are relevant and attractive to research funders.

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

benefit schemes represent a risk as the liability to fund the defined benefits is both uncapped and long-lasting.

USS has recently taken steps to manage its liabilities by amending its scheme so that from 1st October 2011 new members' pensions are calculated on a career average basis rather than a final salary basis and that employees, as well as the employers, will contribute towards pension deficits.

AUPS has already changed to a career average scheme and the University will continue to take advice and consult with trustees about measures to manage its liability to the scheme.



Mr N J Tamblyn

Member of Council

14 December 2011

ASTON UNIVERSITY –PUBLIC BENEFIT STATEMENT

Aston University is an exempt charity under the terms of Charities Act 1993.

In setting and reviewing the University's objectives and activities, Council has had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education. This statement has been included as required by the Higher Education Funding Council for England (HEFCE) as the principal regulator of English higher education institutions under the Charities Act 2006.

Aims and objectives

The overall aim of the University is that set out in the 1966 Charter, namely to advance, disseminate and apply learning and knowledge by teaching and research for the benefit of industry and commerce and of the community generally and to enable students to obtain the advantage of a university education. Such teaching and research may include periods outside the University in industry or commerce or wherever the University considers proper for the best advancement of its objects.

The putative University strategy, Going Forward to 2020, builds on the provisions and powers outlined in the Charter (see the Operating and Financial Review).

Teaching (including widening participation)

Over and above the University's normal teaching activities, the following events demonstrate the delivery of its wider charitable objectives:

- hosting the 2010 British Science Festival in September. Aston University provided 53 exhibits;
- gaining approval for the establishment of the Aston University Engineering Academy Birmingham. This charitable body will provide engineering education for 14 to 19 year olds. Construction is well underway for

the planned opening in September 2012;

- hosting an annual engineering day for 250 boys from Birmingham's King Edward VI Camphill School and Wheelers Lane Technical College, for the 8th year in succession;
- organizing visits to the campus for over 900 6th form students as part of the Aimhigher Masterclass Programme, designed to add value to the A-level curriculum and inspire students to aim for a university degree;
- Aston's JobShop continues to play a significant role in strengthening the employability of our students, advertising thousands of vacancies and helping us to develop relationships with local small and medium-sized entities (SMEs),

Business and community engagement

Some of the successful initiatives that we have undertaken to work with local businesses and the community include:

- gaining a further 3 years funding from Advantage West Midlands for Graduate Advantage. Aston leads a consortium of 10 West Midlands higher education institutions which matches graduates to companies for placement experience;
- winning further funding for the BSEEN (Birmingham Skills for Enterprise and Employability Network) initiative. This supports graduates in setting up their own businesses;
- holding our 5th annual Aston Olympians event over two days, when 240 children from 8 local primary schools participated in a range of local activities. This is a major fixture in the University's volunteering calendar, with over 80 staff and student volunteers helping with supervision;

ASTON UNIVERSITY –PUBLIC BENEFIT STATEMENT

- EAS has signed a collaborative arrangement with Drayton racing to develop and demonstrate low carbon automotive technologies;
- we continued to strengthen our collaboration with Jaguar Land Rover.

Research

During the year:

- we won 4 applications for Knowledge and Training Partnerships (KTPs) from the Technology Strategy Board. KTP's facilitate the transfer of knowledge between business, public or third sector organisations and academic institutions. They support the early career development of young graduates and provide "real-life" teaching and learning opportunities to undergraduate and post-graduate students through case studies and projects.
- we received 4 CASE (Cooperative Awards in Science and Engineering) including one with BIS focussing on business support evaluation and one looking at effective leadership in GP consortia;
- we were awarded 3 Marie Curie Initial Training Networks (ITNs). These EU grants support the cross-European training of researchers;
- the Photonics Research Group were selected by the Ministry of Education and Science of the Russian Federation as one of 10 centres of excellence worldwide to host early career researchers from Russia.

ASTON UNIVERSITY – CORPORATE GOVERNANCE STATEMENT

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

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

The Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks.

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

The Council is therefore of the opinion that the necessary procedures have been in place throughout the year ended 31 July 2011 and up to the date of approval of the annual report and accounts. The overall process is reviewed regularly by the Council and accords with the internal control guidance for directors in the Combined Code as deemed appropriate for higher education.

The University's Council comprises lay members, students and employees appointed under the Statutes of the University, the majority of whom are non-

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

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

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

All of these Committees are formally constituted with terms of reference. They comprise mainly lay members of Council or independent co-opted members, one of whom is the Chair.

In respect of its strategic and development responsibilities, the Council receives recommendations and advice from the Strategy Review Committee, and the University Executive, the former a joint committee of the Council and of the Senate, the body responsible for the University's academic affairs.

The responsibilities of Finance and Major Projects Committee in the year were altered so that the committee continues to, recommend to Council the University's annual revenue and capital budgets, and monitors performance both in respect of operations and of developments against the approved budgets, with recommendation of the Financial Statements to Council now reattributed to the Audit Committee.

ASTON UNIVERSITY – CORPORATE GOVERNANCE STATEMENT

The Governing Council has adopted, and complies with, the recommendations of the Committee of University Chair's Governance Code of Practice and General Principles, as incorporated within the CUC Guide for Members of HE Governing Bodies in the UK and most recently published in March 2009.

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

The Remuneration Committee determines the remuneration of the most senior staff, including the Vice-Chancellor.

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

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

ASTON UNIVERSITY - STATEMENT OF THE COUNCIL'S RESPONSIBILITIES

Statement of the Council's Primary Responsibilities

In accordance with the University's Charter of Incorporation, the Council is the institutional governing body. Its principal responsibilities are as follows:

- To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
- To appoint the Vice-Chancellor, and to delegate to the Vice-Chancellor, as chief executive, appropriate authority for the academic, corporate, financial, estate and personnel management of the University.
- To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University in line with strategic direction and agreed measures, both against the plans and approved key performance indicators and, where appropriate, with respect to action taken on the Council's behalf under delegated authority.
- To ensure the establishment and monitoring of effective systems of control and accountability, including financial and operational controls, risk assessment and the handling of conflicts of interest.
- To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
- To safeguard the good name and values of the institution.
- To be the employing authority for all staff in the University, and to be

responsible for formally approving a human resources strategy.

- To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
- To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name.
- To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
- To ensure that the University's constitution, as set forth in the Charter of Incorporation, the Statutes and the Ordinances, is followed at all times and that appropriate advice is available to enable this to happen.

More specifically, and with reference to these University Accounts, the Council's responsibilities for ensuring an effective system of internal control and approving audited annual financial statements are described in further detail below.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University's Charter, the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education

ASTON UNIVERSITY - STATEMENT OF THE COUNCIL'S RESPONSIBILITIES

Funding Council for England (HEFCE) and the Council of the University, the Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the University's state of affairs and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Council has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- ensure that funds from the HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the HEFCE and any other conditions which the HEFCE may from time to time prescribe;
- ensure that there are appropriate financial and management controls

in place to safeguard public funds and funds from other sources;

- safeguard the assets of the University and prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

- appropriate procedures for the appointment of the Vice-Chancellor and other senior officers and for monitoring their performance, including a Remuneration Committee for senior staff;
- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and quarterly review/s of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council;
- comprehensive Finance and Governance Regulations, detailing financial controls and procedures,

ASTON UNIVERSITY - STATEMENT OF THE COUNCIL'S RESPONSIBILITIES

and processes for risk management and the management of conflicts of interest. The regulations are approved by Council and subject to regular review;

- comprehensive Personnel Policies including all phases of employment, all aspects of equal opportunities, harassment, grievances and whistle-blowing;
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and whose head provides the Audit 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.

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

ASTON UNIVERSITY

Independent auditors' report to the Council of Aston University

We have audited the group and University financial statements (the "financial statements") of Aston University for the year ended 31 July 2011 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Total Recognised Gains and Losses, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective Responsibilities of the University's Council and Auditor

As explained more fully in the Statement of Responsibilities of the University's Council set out on pages 14 and 16 the Council is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2011 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

Independent auditors' report to the Council of Aston University (continued)

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

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes
- income has been applied in accordance with the University's statutes; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the University and group.



MJ Rowley

21st December 2011

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

ASTON UNIVERSITY - STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

1. Basis of preparation

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

In these financial statements the following new standard has been adopted for the first time:

- FRS 30 'Heritage Assets;

The accounting policy under this new standard is set out in note 10 Heritage Assets together with an indication of the effects of its adoption.

The implementation of FRS 30 has had no material effect on these financial statements.

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

2. Basis of accounting

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

3. Basis of consolidation

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

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

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

4. Recognition of income

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

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

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

ASTON UNIVERSITY - STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

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

Non-recurrent grants from Funding Councils or other bodies are recognised in the period in which they are received, unless the grant terms require the grant to be matched to specific expenditure, in which case the income is recognised to the extent of the equivalent expenditure during the year.

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

5. Maintenance of premises

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

6. Foreign currency translation

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

7. Pension schemes

Retirement benefits for most employees of the University are provided by The Universities Superannuation Scheme (USS) and Aston University Pension Scheme (AUPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme.

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

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

Further details of the pension schemes are given in note 31.

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

ASTON UNIVERSITY - STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

8. Tangible fixed assets

a. Land and buildings

Land and buildings are included in the Balance Sheet at valuation with as at 1 August 1994, with subsequent additions at cost. The valuation was performed by Chartered Surveyors DTZ Debenham Thorpe on the basis of depreciated replacement cost for the main campus together with open market value for properties off-campus. The total valuation at the time amounted to £52.8 million and the resulting £41.1 million excess over net book value was taken to the Revaluation Reserve. On disposal, any valuation surplus realised is transferred from the Revaluation Reserve to the Income and Expenditure account.

Land is held freehold and is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over their expected useful lives of up to 50 years, while building improvements and adaptations are depreciated over 10 years.

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

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

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

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

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

b Equipment

Equipment costing less than £10,000 (£500 until 31 July 2008) per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Mainframe Computer Equipment and Software and Laboratory Equipment/Upgrading	20% pa
Motor Vehicles and General Office Equipment	25% pa
PC Computer Equipment/Software	33% pa

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

ASTON UNIVERSITY - STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

9. Leased assets

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

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

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

10. Heritage Assets

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

11. Investments

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

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

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

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

12. Stocks

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

13. Taxation

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

ASTON UNIVERSITY - STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

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

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

14. Cash flow and liquid resources

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

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

15. Provisions

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

ASTON UNIVERSITY

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT for the year ended 31 July 2011

	Note	2010-11 £000	2009-10 £000
INCOME			
Funding Council grants	1	34,319	36,472
Academic fees and support grants	2	51,950	47,370
Research grants and contracts	3	9,695	8,860
Other operating income	4	15,615	17,107
Endowment income and interest receivable	5	371	701
		<u>111,950</u>	<u>110,510</u>
Total Income			
EXPENDITURE			
Staff costs	6	64,776	61,737
Depreciation	9	8,348	7,946
Other operating expenses	7	37,217	38,950
Interest payable	8	1,907	2,196
Total Expenditure		<u>112,248</u>	<u>110,829</u>
Operating deficit after depreciation of assets at valuation before exceptional items		(298)	(319)
Surplus on disposal of subsidiary	10	<u>83</u>	<u>-</u>
Operating deficit after depreciation of assets at valuation and disposal of fixed assets		(215)	(319)
Transfer from accumulated income within endowments	21	<u>121</u>	<u>42</u>
Deficit for the year retained for general reserves		<u>(94)</u>	<u>(277)</u>
Included in revenue reserve	23	(629)	(943)
Included in pension reserve	23	535	666
		<u>(94)</u>	<u>(277)</u>

ASTON UNIVERSITY

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 July 2011

	Note	2010-11 £000	2009-10 £000
Operating deficit after depreciation of assets		(215)	(319)
New endowments	15	290	587
Transfer of endowment asset to capital grants		(554)	
Appreciation of endowment assets	21	41	66
Actuarial gain/(loss) in respect of AUPS	31	<u>2,825</u>	<u>(2,080)</u>
Total recognised gains/(losses) relating to the year		<u>2,387</u>	<u>(1,746)</u>

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS for the year ended 31 July 2011

	Note	2010-11 £000	2009-10 £000
Operating deficit after depreciation of assets		(215)	(319)
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	22	<u>562</u>	<u>562</u>
Historical cost surplus		<u>347</u>	<u>243</u>

ASTON UNIVERSITY

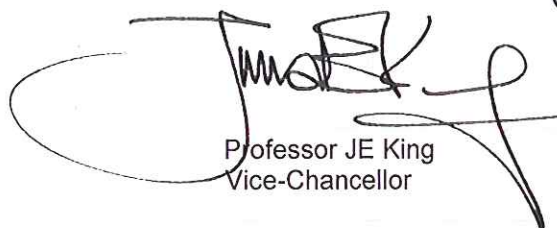
BALANCE SHEETS as at 31 July 2011

	NOTE	GROUP 31 July 2011 £000	GROUP 31 July 2010 £000	UNIVERSITY 31 July 2011 £000	UNIVERSITY 31 July 2010 £000
Fixed Assets	12	104,717	70,332	104,201	70,126
Investment Properties	13	-	20,200	-	20,200
Fixed Asset Investments	14	202	187	1,942	1,927
Endowment Asset Investments	15	1,739	2,083	1,739	2,083
Current Assets					
Stocks		64	52	36	36
Debtors	16	8,862	13,794	10,298	14,110
Investments (all cash deposits)		31,629	31,679	31,629	31,679
Cash at Bank and in Hand		3,405	2,507	2,860	1,201
		<u>43,960</u>	<u>48,032</u>	<u>44,823</u>	<u>47,026</u>
Creditors: amounts falling due within one year	17	(33,183)	(27,444)	(33,866)	(27,308)
Net Current Assets		10,777	20,588	10,957	19,718
Creditors: amounts falling due after more than one year	18	(37,622)	(38,148)	(37,622)	(38,148)
Provisions for Liabilities and Charges	19	(533)	(208)	(533)	(208)
TOTAL NET ASSETS excluding pension liability		79,280	75,034	80,684	75,698
Pension liability	31	(3,375)	(6,735)	(3,375)	(6,735)
TOTAL NET ASSETS including pension liability		75,905	68,299	77,309	68,963
Represented by					
Deferred Capital Grants	20	17,912	12,693	17,912	12,693
Endowments	21				
Permanent		1,000	869	1,000	869
Expendable		739	1,214	739	1,214
		<u>1,739</u>	<u>2,083</u>	<u>1,739</u>	<u>2,083</u>
Reserves:					
Revaluation Reserve	22	15,624	16,186	15,624	16,186
General Reserves	23	44,005	44,072	45,409	44,736
Pension Reserve	23	(3,375)	(6,735)	(3,375)	(6,735)
		<u>56,254</u>	<u>53,523</u>	<u>57,658</u>	<u>54,187</u>
TOTAL FUNDS		75,905	68,299	77,309	68,963

The financial statements were approved by the Council on 14 December 2011, and were signed on its behalf by the Chair of Audit Committee, the Chief Financial Officer, and by the Vice-Chancellor as the principal office holder, as defined in the Financial Memorandum.



Mr A Hewgill
Chief Financial Officer



Professor JE King
Vice-Chancellor



Mr N J Tamblyn
Member of Council

ASTON UNIVERSITY

**CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 July 2011**

	Note	2010-11 £000	2009-10 £000
Net cash inflow from operating activities	27	12,752	1,562
Returns on investments and servicing of finance	28	(793)	(818)
Capital expenditure and financial investment	29	(10,991)	(9,518)
Cash inflow before use of liquid resources		<u>968</u>	<u>(8,774)</u>
Inflow of management of liquid resources	30	434	9,349
Financing	30	(504)	(484)
Increase in cash	30	<u>898</u>	<u>91</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2010-11 £000	2009-10 £000
Increase in cash		898	91
Decrease in short term deposits	30	(434)	(9,349)
Long-term loan taken out in the year	30	-	-
Long-term loan repaid in the year	30	504	484
Change in net funds	30	<u>968</u>	<u>(8,774)</u>
Net (debt)/funds at 1 August	30	(3,056)	5,717
Net (debt) at 31 July	30	<u>(2,088)</u>	<u>(3,057)</u>

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

1. FUNDING COUNCIL GRANTS (HEFCE)	2010-11	2009-10
	£000	£000
Recurrent Grant	28,632	29,916
Specific Grants:		
Higher Education Innovation Fund	2,403	1,557
Foundation Degrees	4	506
Learning & Teaching Development	-	250
Other	942	1,646
Sub-total	<u>31,981</u>	<u>33,875</u>
Deferred Capital Grants released in the year (note 20)	<u>2,338</u>	<u>2,597</u>
	34,319	36,472
	=====	=====

2. ACADEMIC FEES & SUPPORT GRANTS	2010-11	2009-10
	£000	£000
Home and EU students	23,393	22,561
Overseas students	25,828	21,586
Short Course fees	1,650	2,383
Support grants including bench fees and CASE awards	1,079	840
	<u>51,950</u>	<u>47,370</u>
	=====	=====

3. RESEARCH GRANTS & CONTRACTS	2010-11	2009-10
	£000	£000
Research Councils and UK-based Charities	3,414	4,884
Other research grants and contracts	6,062	3,976
Sub total	<u>9,476</u>	<u>8,860</u>
Deferred research equipment grants released in year	219	-
	9,695	8,860
	=====	=====

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. OTHER OPERATING INCOME	2010-11	2009-10
	£000	£000
Residences, Catering and Conferences	5,820	6,171
Other Services Rendered	1,393	1,256
Rents and hire of rooms	1,724	1,822
Sport & Recreation	521	706
Nursery	254	355
Multi-media Services	(80)	51
Aston Academy of Life Sciences	-	726
Departmental Earnings	97	161
ERASMUS Grants	570	548
AWM & other revenue grant income	1,459	1,913
Release of non-HEFCE deferred capital grants (note 20)	-	55
Recovery of VAT	373	303
Income from exploitation of IPR	1,444	1,753
Other income	2,040	1,287
	<u>15,615</u>	<u>17,107</u>
	=====	

5. ENDOWMENT INCOME AND INTEREST RECEIVABLE	2010-11	2009-10
	£000	£000
Income from expendable endowments (note 21)	18	23
Income from permanent endowments (note 21)	24	17
Income from donations	-	-
Net return on AUPS	46	-
Other investment income and interest receivable	283	661
	<u>371</u>	<u>701</u>
	=====	

6. STAFF	2010-11	2009-10
	£000	£000
Costs of all wages and salaries:		Restated
Basic pay	47,884	48,569
Employer's Social Security	3,990	4,076
Employer's pension contributions including FRS 17 adjustment (note 31)	9,343	9,092
Total Pay Costs	<u>61,217</u>	<u>61,737</u>
Restructuring Costs	3,559	-
	<u>64,776</u>	<u>61,737</u>
	=====	

(See note 9 for analysis by activity)

Emoluments of the Vice-Chancellor Professor JE King		
Salary in respect of the current year	251	250
Performance related pay		
In respect of the current year	10	-
Benefits in Kind	1	1
Total	<u>262</u>	<u>251</u>
	=====	

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. STAFF (continued)

The Vice Chancellor was entitled to a performance related payment of £20,000 in 2010-11 of which £10,000 was donated to the University through a salary sacrifice scheme. The performance related payment in 2009-10 has been restated as nil. In 2009-10 Financial Statements an award of £10,000 had been disclosed on a cash basis, in error, this award related to performance for 2008-09 which had been fully accrued and disclosed in 2008-09..

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff below, i.e. excluding employer's Social Security and pension contributions and including benefits in kind. The University's pension contributions to USS are paid at the same rate as for other academic staff and amounted to £56,191 (2009-10 £55,132) for Professor JE King.

Compensation for loss of office was paid to a former member of staff earning in excess of £100,000 per annum:

	2010-11 £'000	2009-10 £'000
Compensation paid to former post holder	-	146
Estimated value of other benefits	-	23

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

	2010-11 Number	2009-10 Number
£100,000 - £109,999	7	5
£110,000 - £119,999	4	3
£120,000 - £129,999	2	5
£130,000 - £139,999	2	3
£140,000 - £149,999	-	-
£150,000 - £159,999	-	-
£160,000 - £169,999	-	1
£180,000 - £189,999	-	-
£190,000 - £199,999	1	-

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

Academic	475	458
Technical	50	52
Administrative	340	335
Clerical, manual and other	423	436
	1,288	1,281

7. OTHER OPERATING EXPENSES

	2010-11 £000	2009-10 £000
Consumables, laboratory and other expenses in Academic Departments	6,792	9,457
Library, Information Systems and other Academic Services	3,850	3,322
Research Grants and Contracts	5,702	4,462
Residences, Catering and Conferences	1,912	1,704
Maintenance of premises, insurance and utilities	4,695	6,144
Administrative and Central Services	3,131	2,851
General Educational expenditure including the non pay costs of certain grants	7,331	6,525
Student & Staff Facilities	947	1,164
Other Services Rendered	1,709	1,824
Miscellaneous expenditure	1,148	1,497
	37,217	38,950

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. OTHER OPERATING EXPENSES (continued)

Expenses of £4,330 (2009-10 £2,257) were reimbursed to University Trustees in respect of their responsibilities as members of Council.

8. INTEREST PAYABLE

	2010-11 £000	2009-10 £000
Interest payable on loans repayable in less than 5 years	471	475
Interest payable on loans repayable in more than 5 years	1,436	1,456
Interest payable on AUPS (note 31)	-	265
	<u>1,907</u>	<u>2,196</u>

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

2010-11	Staff Costs £000	Depr'n £000	Operating Expenses £000	Total £000
Academic Departments	35,147	3,220	6,792	45,159
Academic Services	4,657	1,007	3,850	9,514
Research Grants and Contracts	3,871	224	5,702	9,797
Residences, Catering and Conferences	2,911	395	1,912	5,218
Premises	3,923	2,442	4,695	11,060
Administration and Central Services	11,882	1,060	11,410	24,352
Other expenses	2,874	-	2,856	5,730
FRS 17 adjustment	(489)	-	-	(489)
Total per Income and Expenditure Account	<u>64,776</u>	<u>8,348</u>	<u>37,217</u>	<u>110,341</u>

The depreciation charge has been funded by:

Deferred Capital Grants released (note 20)	2,562
Revaluation Reserve released (note 22)	562
General income	<u>5,224</u>
	<u>8,348</u>

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

The depreciation charge has been funded by:

Deferred Capital Grants released (note 20)	2,652
Revaluation Reserve released (note 22)	562
General income	<u>4,732</u>
	<u>7,946</u>

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. DISPOSAL OF SUBSIDIARY

GROUP

	2010-11 £'000	2009-10 £'000
Proceeds on disposal	-	628
Subsidiary net assets at disposal	-	(160)
Cost of disposal	83	(468)
Net Surplus on disposal	<u>83</u>	<u>-</u>
	=====	=====

UNIVERSITY

	2010-11 £'000	2009-10 £'000
Proceeds on disposal	-	628
Investment in subsidiary at disposal	-	(2,438)
Cost of disposal	83	(468)
Surplus /(Loss) on disposal	<u>83</u>	<u>(2,278)</u>
	=====	=====

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

At the end of the previous year there were some accrued costs reserved including pension costs. During the course of 2010 – 11 it has transpired that these reserves were £83,000 greater than required and the excess reserves released as a surplus on disposal in the current year.

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

11. TAXATION

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

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. FIXED ASSETS GROUP

	Land and Buildings			Total	Equipment		Total
	Freehold	Long Leasehold	Construction in progress		Work in progress		
	£000	£000	£000	£000	£000	£000	£000
Valuation / Cost							
At 1 August 2010	80,915	1,423	8,993	91,331	39,556	1,846	132,733
Transfers	14,756	-	(15,199)	(443)	3,473	(3,030)	-
Reclassified Investment Property	20,200	-	20,200	20,200	-	-	20,200
Additions at cost	-	-	20,202	20,202	325	2,040	22,567
Disposals	(312)	-	-	(312)	(5,771)	-	(6,083)
At 31 July 2011	<u>115,559</u>	<u>1,423</u>	<u>13,996</u>	<u>130,978</u>	<u>37,583</u>	<u>856</u>	<u>169,417</u>
Depreciation							
At 1 August 2010	29,249	991	-	30,240	32,161	-	62,401
Disposals	(280)	-	-	(280)	(5,769)	-	(6,049)
Charge for year	4,398	62	-	4,460	3,888	-	8,348
At 31 July 2011	<u>33,367</u>	<u>1,053</u>	<u>-</u>	<u>34,420</u>	<u>30,280</u>	<u>-</u>	<u>64,700</u>
Net Book Value at 31 July 2011	<u>82,192</u>	<u>370</u>	<u>13,996</u>	<u>96,558</u>	<u>7,303</u>	<u>856</u>	<u>104,717</u>
Net Book Value at 31 July 2010	<u>51,666</u>	<u>432</u>	<u>8,993</u>	<u>61,091</u>	<u>7,395</u>	<u>1,846</u>	<u>70,332</u>

UNIVERSITY	Land and Buildings			Total	Equipment		Total
	Freehold	Long Leasehold	Construction in progress		Work in progress		
	£000	£000	£000	£000	£000	£000	£000
Valuation / Cost							
At 1 August 2010	79,561	1,423	8,912	89,896	39,323	1,846	131,065
Transfers	14,298	-	(14,710)	(412)	3,377	(2,965)	-
Reclassified Investment Property	20,200	-	20,200	20,200	-	-	20,200
Additions at cost	-	-	19,795	19,795	325	1,974	22,094
Disposals	(312)	-	-	(312)	(5,771)	-	(6,083)
At 31 July 2011	<u>113,747</u>	<u>1,423</u>	<u>13,997</u>	<u>129,167</u>	<u>37,254</u>	<u>855</u>	<u>167,276</u>
Depreciation							
At 1 August 2010	28,000	991	-	28,991	31,948	-	60,939
Disposals	(280)	-	-	(280)	(5,771)	-	(6,051)
Charge for year	4,266	62	-	4,328	3,859	-	8,187
At 31 July 2011	<u>31,986</u>	<u>1,053</u>	<u>-</u>	<u>33,039</u>	<u>30,036</u>	<u>-</u>	<u>63,075</u>
Net Book Value at 31 July 2011	<u>81,761</u>	<u>370</u>	<u>13,997</u>	<u>96,128</u>	<u>7,218</u>	<u>855</u>	<u>104,201</u>
Net Book Value at 31 July 2010	<u>51,561</u>	<u>432</u>	<u>8,912</u>	<u>60,905</u>	<u>7,375</u>	<u>1,846</u>	<u>70,126</u>

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. INVESTMENT PROPERTIES

Freehold Land and Buildings were acquired in 2007 under a sale and short term lease back arrangement at a cost of £20,200,000. At the year end, this property was reclassified as a tangible fixed asset (Freehold - land and buildings) as future plans for its use by the University had been agreed.

14. INVESTMENT IN SUBSIDIARIES/MINORITY INTERESTS

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

	Cost	Amount provided	2010-11 Net Investment	Cost	Amount provided	2009-10 Net Investment
	£	£	£	£	£	£
Conference Aston Limited	1,740,100	-	<u>1,740,100</u>	1,740,100	-	<u>1,740,100</u>
			<u>1,740,100</u>			<u>1,740,100</u>

These are consolidated as explained in Accounting Policy number 3.

The principal activities of the subsidiaries are as follows:

Aston Oats Limited	Dormant
Astals Training Limited	Dormant
Aston University Consulting Limited	Dormant
Aston University Engineering Academy Limited	Dormant
Conference Aston Limited	Management of conference activities
EBRI (UK) Ltd	Dormant
ETC-TV Limited	Dormant
Education Television Limited	Dormant

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

	Number of shares	Equity share	2010-11 Net Investment
Astisen Limited	10,000	50%	-
Protamax Limited	8,000	40%	-

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. INVESTMENT IN SUBSIDIARIES/MINORITY INTERESTS (Continued)

The University also has minority interests in the following companies:

	2010-11		2009-10	
	Cost	Amount provided	Cost	Amount provided
	£	£	£	£
Cardionetics Limited	71,525	(71,525)	71,525	(71,525)
CVCP Head Office	31,539	-	31,539	-
Advantage Growth Fund	120,000	-	105,000	-
OSI Pharmaceuticals Inc	10	-	10	-
Protomax	80	-	80	-
Aerbuddies	19,998	(19,998)	19,998	(19,998)
Aston Business Assessments	1	-	-	-
H2O Incubator Ten Ltd	18	-	-	-
Mercia Fund	50,000	-	50,000	-
		201,648		186,648
Total investment in subsidiaries and minority interests		1,941,748		1,926,748

15. ENDOWMENT ASSET INVESTMENTS GROUP AND UNIVERSITY

	2010-11	2009-10
	£000	£000
Balance at 1 August	2,083	1,472
Additions	290	587
Change in market value	41	66
Transfers to Deferred Capital Grants	(554)	-
(Decrease)/Increase in short term deposits	(121)	(42)
Balance at 31 July	1,739	2,083
Represented by:		
Hermes Property Unit Trusts	113	110
Charities Official Investment Fund	600	563
Short Term Deposits (note 30)	1,026	1,410
	1,739	2,083

16. DEBTORS

	GROUP	GROUP	UNIVERSITY	UNIVERSITY
	2010-11	2009-10	2010-11	2009-10
	£000	£000	£000	£000
Trade Debtors	3,015	4,709	3,015	4,369
Research grants and contracts	3,493	3,098	3,493	3,098
Due from subsidiary undertakings	-	-	1,239	554
Other debtors and prepayments	2,278	5,911	2,475	6,013
Investments held for disposal	76	76	76	76
	8,862	13,794	10,298	14,110

Included in the figures above is a debtor due after one year of £Nil (2009 - 10 : £1,388,000) in relation to deferred premium on the disposal of residences.

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CREDITORS: Amount falling due within one year

	GROUP 2010-11 £000	GROUP 2009-10 £000	UNIVERSITY 2010-11 £000	UNIVERSITY 2009-10 £000
Research grants and contracts received in advance	4,503	5,408	4,503	5,408
Other creditors	28,154	21,532	28,837	21,396
Repayment of bank loans	526	504	526	504
	33,183	27,444	33,866	27,308

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

GROUP AND UNIVERSITY	2010-11 £000	2009-10 £000
Long-Term Loans	37,622	38,148
The loan falls due for repayment in instalments as follows:	£000	£000
Between 1 and 2 years	526	504
Between 2 and 5 years	11,749	11,659
After 5 years	25,347	25,985
	37,622	38,148

The long-term loans comprise:

- i) A term loan of £40 million with rates of interest negotiated at the time of draw down. Payable in quarterly instalments from 2008 to 2037

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

19. PROVISIONS FOR LIABILITIES AND CHARGES

	At 1 August 2010 £000	Utilised in year £000	Increase in Provision £000	At 31 July 2011 £000
Liability to Superannuation Schemes				
Supplementary pensions	208	(8)	-	200
Property related provision	-		333	333
	208	(8)	333	533

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. DEFERRED CAPITAL GRANTS GROUP AND UNIVERSITY

	2010-11			2009-10		
	HEFCE £000	Other £000	Total £000	HEFCE £000	Other £000	Total £000
Opening balance at 1 August	11,780	913	12,693	12,196	482	12,678
Grants received	6,996	231	7,227	2,184	483	2,667
Grants transferred from Endowments Released to Income and Expenditure (notes 1,3 and 4)	(2,258)	(304)	(2,562)	(2,600)	(52)	(2,652)
At 31 July	16,518	1,394	17,912	11,780	913	12,693

21. ENDOWMENTS

GROUP AND UNIVERSITY	Restricted Permanent	Restricted Expendable	Total
	£000	£000	£000
Opening Balance at 1 August 2010	869	1,214	2,083
Capital	609	1,056	1,665
Accumulated income	260	158	418
New endowments	105	185	290
Investment income	24	18	42
Transfers to Deferred Capital Grants	-	(554)	(554)
Expenditure	(19)	(144)	(163)
Increase in market value of investments	21	20	41
At 31 July 2011	1,000	739	1,739
Represented by:			
Capital	735	707	1,442
Accumulated income	265	32	297
	1,000	739	1,739

22. REVALUATION RESERVE GROUP AND UNIVERSITY

	2010-11 £000	2009-10 £000
At 1 August	16,186	16,748
Released in year relating to disposal	-	-
Released in year (note 9)	(562)	(562)
At 31 July	15,624	16,186

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. GENERAL RESERVES AND PENSION RESERVE

GENERAL RESERVES GROUP	At 1 August 2010	Deficit after depr'n. of assets at valuation	Release/ disposal from Reval'n Reserve (note 22)	Transfer	At 31 July 2011
	£000	£000	£000	£000	£000
Revenue Reserve	21,071	(629)	562	-	21,004
Capital Reserve	23,001	-	-	-	23,001
	<u>44,072</u>	<u>(629)</u>	<u>562</u>	<u>-</u>	<u>44,005</u>

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	At 1 August 2010	Surplus after depr'n of assets at valuation	Release/ disposal from Reval'n Reserve (note 22)	Transfer	At 31 July 2011
	£000	£000	£000	£000	£000
Revenue Reserve	22,038	111	562	-	22,711
Capital Reserve	22,698	-	-	-	22,698
	<u>44,736</u>	<u>111</u>	<u>562</u>	<u>-</u>	<u>45,409</u>

GROUP AND UNIVERSITY

	At 1 August 2010	FRS 17 movement in income and expenditure account	Actuarial gain	At 31 July 2011
	£000	£000	£000	£000
Pension reserve	(6,735)	535	2,825	(3,375)

24. LEASE OBLIGATIONS

There is an annual obligation of £174,421 for 2010-11 (2009-10: £110,243) under an operating lease for residential accommodation to be used for conferencing activity during the summer vacation period expiring in more than 5 years. Photocopying leasing commitments of £18,309 are due to expire within one year, with £31,793 due to expire in the 2 to 5 years.

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At the year end, capital commitments for items contracted for but not yet received by the University amounted to £9,049,677 (2009-10 £11,976,000).

At the year end the University has contingent liabilities of £Nil (2009-10 : £1,915,250) in respect of the Student Residences Project Phase 2, where the developer, Aston Student Villages (ASV) have borne the preliminary development costs prior to ASV formally approving phase 2. In the event that ASV had not approved the phase 2 development these costs would have been borne by the University.

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

26. RELATED PARTY TRANSACTIONS

Due to the nature of the University's operations and the composition of the Council (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. The University purchases energy from EON plc, amounting to a spend of £444,000 in the year with a balance owing of £9,000 at the 31 July 2011. Dr. P Goldby CBE is the Chairman of EON UK plc and also the Pro-Chancellor of the University. All transactions involving organisations in which a member of the Council may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

Aston University Student Guild has been in the process of applying for registered charity status and has since the year end is now a registered charity. A summary of the Guild results are shown at note 33.

The University's Chief Financial Officer is a trustee of Aston University Engineering Academy Birmingham Limited, an exempt charity that was incorporated on 23 February 2010 as an independent company limited by guarantee with Aston University being principal sponsor. The principal objectives and activity of the Aston University Engineering Academy Birmingham is to provide education for pupils of different abilities between the ages of 14 and 19 with an emphasis on engineering and science. The Academy was awarded a grant of £491,000 by the Department for Education in November 2010 as an initial set up grant for the period until the Academy opens in September 2012.

The University's Chief Financial Officer and the Chief Operating Officer are trustees of Aston Student Villages a special purpose charitable vehicle established for the purpose of building and operating the campus residences. The Trustees are appointed from the interested parties; HBOS as lenders, Derwent Housing Association Limited the facilities management provider and Aston University.

125 year leases were granted for Lakeside Residences land and buildings and for the development land to enable ASV to manage the new residences development programme, phase 1 2008 and phase 2, 2011.

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RELATED PARTY TRANSACTIONS (Continued)

Following the granting of the lease to Aston Student Villages the University has a commitment to take a minimum of 50% of the residences. The University remains responsible for the collection of rents for which a management fee of £922k has been charged to ASV in the year together with utility and insurance charges of £1,034k and finance management costs of £48k.

The project agreements provide for the University to pay ASV for the use of a specified number for rooms for conference guests in the summer vacation period, in 2010/2011 this amounted to £180k.

ASV have awarded a fixed price contract for the construction of phase 2 residences in the year. The University is ultimately responsible for cost overruns on the total cost of construction. However the University is satisfied that the construction forecast costs and contract arrangements are robust and likelihood of this liability crystallising is remote.

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

	2010-11 £000	2009-10 £000
Deficit after depreciation of assets	(215)	(319)
Depreciation (note 12)	8,348	7,946
Deferred Capital Grants released to income (notes 1 and 4)	(2,562)	(2,652)
Investment income including FRS 17 adjustment (note 5)	(371)	(701)
Interest payable including FRS 17 adjustment (note 8)	1,907	2,196
(Increase)/Decrease in Stocks	(12)	14
Decrease/(Increase) in Debtors	2,113	(5,225)
Increase in Creditors	3,708	1,348
Increase/(Decrease) in Provisions	325	(114)
Increase due to employer pension cost (FRS17)	(489)	(931)
Net Cash Inflow from Operating Activities	<u>12,752</u>	<u>1,562</u>

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2010-11 £000	2009-10 £000
Income from Endowments (note 21)	42	40
Income from donations	831	412
Income from Short Term Investments	242	661
Interest paid	<u>(1,908)</u>	<u>(1,931)</u>
	(793)	(818)

29. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2010-11 £000	2009-10 £000
Tangible Assets acquired Fixed Assets	(21,449)	(13,378)
Endowments Received	290	587
Investments acquired	(15)	(22)
Receipts from sales of Tangible Assets	83	628
Deferred premium on residences disposal	1,388	-
Deferred Capital Grants received	<u>8,712</u>	<u>2,667</u>
	(10,991)	(9,518)

30. ANALYSIS OF CHANGES IN NET DEBT			
	At 1 August 2010 £000	Cash Flows £000	At 31 July 2011 £000
Cash at Bank and in Hand	2,507	898	3,405
Bank Overdraft (note 17)	-	-	-
Sub-total		<u>898</u>	
Short-Term Deposits: Current Assets	31,679	(50)	31,629
Endowment Assets (note 15)	1,410	<u>(384)</u>	1,026
Sub-total		<u>(434)</u>	
Loan (notes 17 and 18)	<u>(38,652)</u>	504	(38,148)
Total	(3,056)	968	(2,088)

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. PENSION SCHEMES

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the Aston University Pension Scheme (AUPS). USS provides benefits based on final pensionable salary for academic and academic-related employees of all UK universities and other employees. AUPS provides similarly calculated benefits for other staff of the University.

The total pension cost for the University was:

	2010-11	2009-10
	£000	£000
Contributions to USS	7,608	7,181
Contributions to AUPS including FRS 17 adjustment	1,728	1,904
Contributions to Other Pension Schemes	6	7
Total Pension Cost	<u>9,343</u>	<u>9,092</u>

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

	2010-11	2009-10
	£000	£000
USS	-	-
AUPS	122	122

USS

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

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

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

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. PENSION SCHEMES (continued)

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

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

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

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

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

AUPS

The assets of the Scheme are held in a separate trustee-administered fund. The Scheme is a defined benefit scheme which is funded and valued every three years by the actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. A full actuarial valuation was carried out at 1 April 2010 and was updated for FRS 17 purposes by a qualified independent actuary. The material assumptions and other data used by the actuary were:

	2010-11	2009-10	2008-09
Salary scale increases per annum	4.5%	4.6%	4.8%
Pension increases per annum (post 1.9.90 joiners)	3.45%	3.35%	3.5%
Pension increases per annum (pre 1.9.90 joiners)	3.6%	3.6%	4.0%
Discount rate	5.5%	5.6%	6.3%
Price inflation	3.5%	3.4%	3.8%

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

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

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. PENSION SCHEMES (continued)

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

	2010-11	2009-10
Retiring today		
Males	20.8	20.9
Females	23.4	23.3
Retiring in 20 years		
Males	22.1	22.0
Females	24.6	24.3

The scheme assets and the assumptions on investment returns were:

	Expected long term rate of return	Value at 31 July 2011 £000	Expected long term rate of return	Value at 31 July 2010 £000	Expected long term rate of return	Value at 31 July 2009 £000
Equities	6.70%	34,972	7.00%	36,117	7.00%	30,276
Fixed interest gilts and cash	4.00%	7,289	4.30%	6,927	4.50%	8,218
Property	7.00%	5,136	6.70%	-	-	-
Cash	4.00%	716	4.30%	-	-	-
Corporate and international bonds	6.00%	6,710	6.00%	6,431	6.60%	4,757
		<u>54,824</u>		<u>49,475</u>		<u>43,251</u>
		=====		=====		=====

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

Analysis of the amount shown in the balance sheet

	2010-11 £000	2009-10 £000	2008-09 £000	2007-08 £000	2006-07 £000
Total market value of assets	54,823	49,475	43,251	43,372	49,172
Present value of scheme liabilities	<u>58,198</u>	<u>56,210</u>	<u>48,572</u>	<u>52,780</u>	<u>47,648</u>
(Deficit)/Surplus in the scheme - - Net pension (liability)/ asset	<u>(3,375)</u>	<u>(6,735)</u>	<u>(5,321)</u>	<u>(9,408)</u>	<u>1,524</u>
	=====	=====	=====	=====	=====

Under the terms of an agreement between the University and AUPS, a restricted bank account is in place where in the case of the pension scheme being in deficit the University will make contributions of an agreed value. The accumulated funds will be transferred to AUPS as an additional contribution should the funding position of AUPS fall below an agreed threshold. At 31 July 2011 £727,233 (31 July 2010 £363,748) had accumulated in the restricted account.

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

	2010-11 £000	2009-10 £000
Service cost	1,448	1,479
Past service cost	-	-
Total operating charge	<u>1,448</u>	<u>1,479</u>
	=====	=====

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. PENSION SCHEMES (continued)

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

	2010-11	2009-10
	£000	£000
Expected return on pension scheme assets	3,172	2,790
Interest on pension scheme liabilities	<u>(3,126)</u>	<u>(3,055)</u>
Net credit (charge)	46	(265)

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

	2010-11	2009-10
	£000	£000
Actual return less expected return on scheme assets	2,458	2,680
Experience gains and losses on scheme liabilities	367	(4,760)
Changes in assumptions		
Net gain/(loss) recognised in the STRGL	<u>2,825</u>	<u>(2,080)</u>

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

	2010-11	2009-10
	£000	£000
At the beginning of the year	56,210	48,572
Current service cost	1,448	1,479
Interest cost	3,126	3,055
Contributions by scheme participants	28	30
Actuarial (gains)/losses	(367)	4,760
Benefits paid	<u>(2,246)</u>	<u>(1,686)</u>
At end of year	<u>58,199</u>	<u>56,210</u>

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

	2010-11	2009-10
	£000	£000
At the beginning of the year	49,475	43,251
Expected rate of return on scheme assets	3,172	2,790
Contributions by the employer	1,937	2,410
Contributions by scheme participants	28	30
Actuarial gains/(losses)	2,458	2,680
Benefits paid	<u>(2,246)</u>	<u>(1,686)</u>
At end of year	<u>54,823</u>	<u>49,475</u>

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. PENSION SCHEMES (continued)

History of experience gains or losses

	2010-11	2009-10	2008-09	2007-08	2006-07
Actual return less expected return on scheme assets					
Amount (£000)	2,458	2,680	(4,286)	(8,271)	2,072
% of scheme assets	4%	5%	(10%)	(19%)	4%

Experience gains and losses on scheme liabilities

Amount (£000)	1,141	(29)	(184)	(152)	1,916
% of scheme liabilities	2%	0%	0%	0%	4%

Total amounts recognised in statement of total recognised gains and losses

Amount (£000)	2,825	(2,080)	2,634	(11,332)	4,714
% of scheme liabilities	5%	(6%)	6%	(26%)	10%

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses is a gain of £2,825,000 (2010 £2,080,000 loss).

The University expects to contribute £1,900,000 pay to the Aston University Pension Scheme in 2010/2011.

32. HARSHIP FUNDS AND OPPORTUNITY BURSARIES

	2010-11 £000	2009-10 £000
Balance brought forward at 1 August	(6)	(11)
HEFCE Grants (see below)	136	172
Interest received	0	0
Administration costs	(4)	(5)
Disbursed to students	(139)	(162)
Balance unspent at 31 July	(13)	(6)

Funding Council grants are available solely for students: the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

ASTON UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. ASTON STUDENTS' GUILD

The accounts of the Aston Students' Guild are separately audited by Horwath Clark Whitehill.

In accordance with Accounting Policy number 3, the results are not consolidated with the University.

The results to 31 July 2011 are summarised below.

	2010-11	2009-10
	£000	£000
INCOME:		
Block grant from University	508	584
Net trading income	(102)	(22)
Other income	193	114
	<u>599</u>	<u>676</u>
EXPENDITURE:		
Central services	299	254
Student services	272	359
	<u>571</u>	<u>613</u>
Operating surplus	28	63
Exceptional items	-	-
Total surplus	<u>28</u>	<u>63</u>
	=====	=====
The net assets of the Guild are as follows:		
Fixed assets	144	42
Net current assets	6	80
Total net assets	<u>150</u>	<u>122</u>
	=====	=====

34. FEES PAID TO EXTERNAL AUDITORS

Fees paid to the University's external auditors for the provision of audit services amounted to £24,400 for the University and £2,600 for the subsidiary companies (2009-10 £23,700 for the University and £2,400 for the subsidiary companies). Fees to the auditors for the provision of non-audit services amounted to £77,577 for the University and £Nil for the subsidiary companies (2009-10 £81,491 for the University and £Nil for the subsidiary companies). Non-audit services comprise advice on Corporate structure, taxation matters, and the audit of Capital and Revenue Grants.