



**Aston University**  
Birmingham

# Aston University Financial Statements 2012-13



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## FOREWORD BY THE VICE CHANCELLOR

Despite significant changes to the way higher education is funded in the UK, Aston University is performing very well across a range of measures. We have a solid financial base, with a growing surplus and we continue to invest in campus developments, the student experience, and teaching and research staff.

Aston is highly attractive to students, with a rising undergraduate intake that is more than a thousand more than it was a decade ago. This year we will register over 2,600 first years.

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

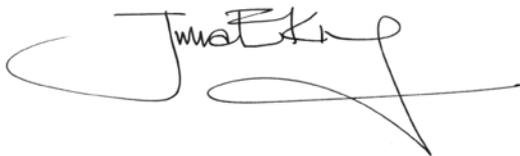
Our integrated placement year is becoming more and more popular, with nearly 70% of our students spending a year in business, a year abroad, or in pre-registration across subjects allied to medicine.

Our research income is rising – awards up from £11 million in 2009 to £17.5 million today. This is derived from a wide variety of funding bodies including business, the EU, Research Councils and cross border collaborations.

Our Financial Performance for 2012-13 was strong and we outperformed our budget assumptions.

As we move forwards, we remain committed to the delivery of our 2020 Strategy. This has two core aims: developing internationally sought after Aston Graduates and delivering world leading Aston Research. To achieve both we will need to continue to generate a growing financial surplus, and to operate in a financially prudent and sustainable way. This will be balanced by further investment in our estate, our research, and in our faculty.

Whilst this is not straightforward in a complex and uncertain world, we are very confident that Aston University will move forwards to 2020 in a healthy and fiscally robust position.



Professor Dame Julia King  
Vice Chancellor



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**Employable  
Graduates;  
Exploitable  
Research**

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***“You will struggle to find a University in Britain more attuned to the needs of business and industry”*** *The Sunday Times*

## KEY HIGHLIGHTS

2012-13 has been a year full of achievement at Aston University.

### Financial highlights

	2013	2012
	£'000	£'000
Total income	117,122	111,280
Operating surplus for the year	3,482	2,278
Net cash flow from operating activities	9,150	5,177
Cash and short term deposits	22,248	27,345
Capital expenditure	18,952	16,797

- We have recruited more first year undergraduates – 2,600 – than ever before.
- We have risen up through the rankings for ‘overall student experience’ faster than any other institution – from 81st to 25th.
- We are Top 30 in all UK League Tables and in the QS global ‘50 under 50 years’ old’ ranking.
- Our graduates remain some of the most employable in the UK – better than Oxford.
- Our school, the Aston University Engineering Academy, has been open for a year and has had a surge of applications from 14-19 year olds looking to study science and engineering.
- We have been awarded £17.5 million in research grants, our highest amount ever.
- We have more health related Knowledge Transfer Partnerships (KTPs) than any other University, demonstrating our close links to business.
- We have over 200 employers visiting campus every year.
- Our Goldman Sachs 10,000 Small Businesses programme has helped the growth of dozens of West Midlands small and medium enterprises.
- Our Teachers are nationally recognised by the HEA and through awards such as Law Lecturer of the year and Sociology Excellence in Teaching.
- Aston students are setting up successful entrepreneurial companies such as Whisk, Learn Aware and One Minute London.
- Our students are winning accolades nationally – Anisha Haghdadi was recognised in the Queen’s Birthday Honours list aged 23.
- We have more student mentors and community volunteers than at any time in the past.
- We have opened the second phase of our Student Residences – Aston Student Villages, a separate charitable entity – on time and on budget, as we complete the process of improving and ‘greening’ our campus.

## OPERATING AND FINANCIAL REVIEW

This report presents the financial results for the University and its subsidiary undertakings for the year to 31 July 2013 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.

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**Top 50  
under 50  
in QS rankings**

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### Operating Review

#### Aims and objectives

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

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

Such teaching and research may include periods outside the University in industry or commerce or wherever the University considers proper for the best advancement of its objects.

The University strategy, Going Forward to 2020, builds on the provisions and powers outlined in the Charter.

#### Public Benefit Statement

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

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



# OPERATING AND FINANCIAL REVIEW

## The Future

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

There is an imperative to keep in the mind of stakeholders the major advantages that universities have for the economy and individuals. Aston is in a strong position to situate itself as an institution which transforms lives. We are, therefore, seeking to take advantage of our strengths to bring about significant growth and a rise in reputation.

We intend to do this by continuing to encourage high potential students from all backgrounds to gain the benefits of degrees at Aston and of the social mobility which this experience will bring. We will continue to build on our historic reputation for supporting our students and graduates to be amongst the most employable global citizens within a competitive graduate market place. To do this we will keep investing in our student experience, in high quality teaching and the professional development of those who deliver this. We will take advantage of the diversity of our students to help them learn from each other and we will use innovative learning methods to help them gain this, as well as encouraging as many students as possible to study a foreign language or work or study abroad. As part of this initiative we continue to work towards our target of 100% of our undergraduates undertaking an integrated placement or pre-registration year.

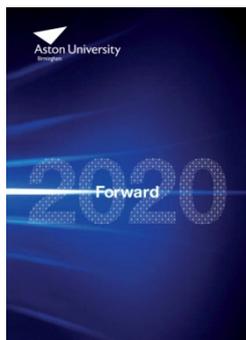
Our energies on the student learning experience will continue to focus on developing independent critical thinkers, through research-informed, professional focussed programmes. Our investment in the Library and teaching spaces will facilitate this, as will our new resources to encourage the continuing professional development (CPD) of our staff and innovative methods of the delivery of learning. Our portfolio review group is working on a new range of degrees which will support our student growth plans.

We are already working to build on our excellent National Student Survey results in 2013, both by continuing to improve student learning opportunities and learning support. The personal tutoring scheme and Library facilities are at the centre of this.

Our reputation for transformational research remains strong and we will be building on our excellent record of gaining grants over the past year and keeping the momentum on production of high quality papers and dissemination built up for the REF. Investment in our infrastructural support for EU funding opportunities should continue to bear fruit.

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

Our relationship with business, communities and the professions remains strongly at the centre of what we do, as it has since our inception in 1895. We will continue to build on our close relationships with companies but also on the work established more recently with SMEs via Graduate Advantage internships, BSeen enterprise activity with staff, students and graduates, the Goldman Sachs 10,000 Small Businesses Programme and our world leading research in this area.



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

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## OPERATING AND FINANCIAL REVIEW

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

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

In order to do all these good things we continue to work to ensure our resource and estates infrastructure is fit for purpose and as efficient as possible. Major investments will allow us to expand student numbers and also the quality of our provision to support innovative learning.

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

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

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

### Teaching

This year has been an excellent year for recognition of the quality of the Aston learning experience. Our students judged us as the most improved university in terms of their satisfaction in the annual National Student Survey, and 89% of them stated they were very satisfied with their time at Aston.

Our innovative Conceive, Design, Implement & Operate (CDIO) project-based learning approaches, first developed in mechanical engineering and very well received by students and employers, has been rolled out to other areas of Engineering.

The Research Inspired Teaching Excellence (RITE) programme which allows staff to gain Fellowship, Senior Fellowship or Principal Fellowship from the Higher Education Academy (HEA), has been successfully introduced and thirty staff have gained the accreditation. This initiative, together with our postgraduate Certificate in Professional Practice (compulsory for all staff at Aston who are new to teaching in HE) has dramatically raised the level of proficiency of our staff. We now have double the national average of HEA fellows at Aston.



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**89%**

**Graduate  
Employability**

**A higher  
proportion  
than Oxford**

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# OPERATING AND FINANCIAL REVIEW

**Student Satisfaction at an all-time high**

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

Opening the Aston University Engineering Academy Birmingham. This independent university technical college opened in September 2012.

**89% overall satisfaction in National Student Survey 2013**

Aston University welcomed over 7,300 prospective students, parents and teachers to subject enrichment events and general campus visits during the academic year 2012-13. These events are designed to add value to the A-level/GCSE curriculum and inspire students to aim for a university degree.

Aston's outreach and schools liaison team visited 139 schools and colleges during 2012-13 to deliver information, advice and guidance sessions. Over 30,000 prospective students, parents and teachers attended these events.

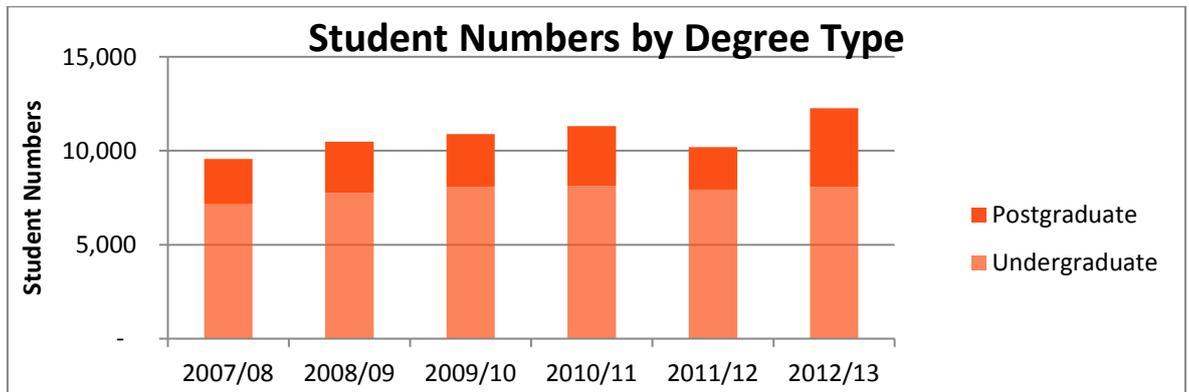
Over 100 Aston students volunteered in schools during 2012-13, acting as mentors and tutors to young people of all ages.



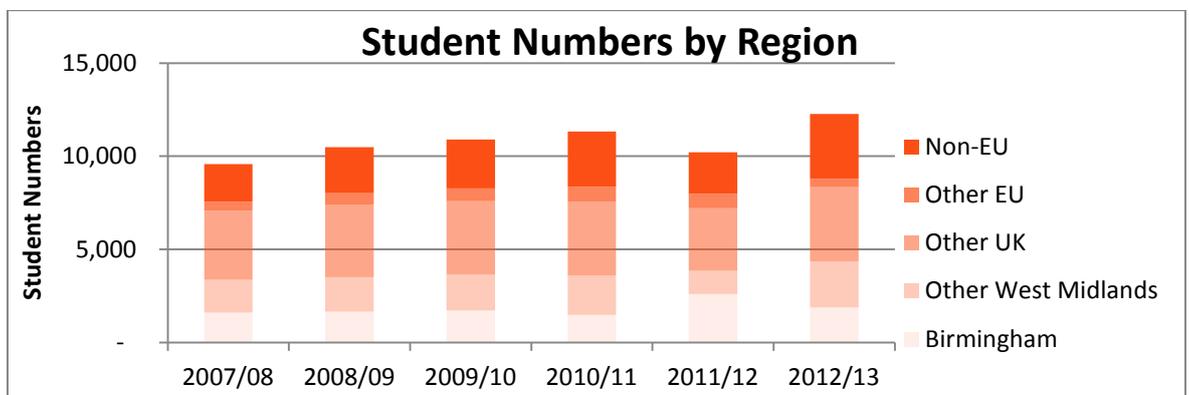
Aston's Job Shop continues to play a significant role in strengthening the employability of our students by advertising thousands of vacancies and helping us to develop relationships with local small and medium-sized entities (SMEs).

Funding from UnLtd has allowed us to work with staff, graduates and students to help them set up social enterprises.

**34%**  
of students are from the local area



**32%**  
of students are from overseas



## OPERATING AND FINANCIAL REVIEW

### Research

In March 2012 we launched the Aston Institute of Photonic Technologies (AIPT) which has enabled us to build on our long history of research in this area, and attract new investment.

We have seen significant growth in our Research Council and European Commission awards. Of particular interest the University has attracted significant new centre funding from the Economic and Social Research Council through a consortium bid (Warwick, Aston and Strathclyde Universities and Imperial College) for a new Enterprise Research Centre focussing on SME growth issues. The Centre launched in January 2013. We have also attracted Engineering and Physical Sciences Research Council (EPSRC) funding through the future ICT-enabled manufacturing call for a project, which is led by Aston, and involves collaboration with 21 industrial partners.

Funding from the European Commission's Marie Curie programme has included the award of 11 Fellowships, 2 Initial Training Networks (to the Aston Brain Centre and AIPT) and 2 Industry Academia Partnerships and Pathways (IAPPs). This programme supports the mobility of researchers across Europe and internationally, and enables the transfer of knowledge and the training of researchers. In addition the University won a number of collaborative awards in support of work in the Centre for Interdisciplinary Research in Language & Diversity (InterLanD) and the Aston Institute of Photonic Technologies.

The construction of the demonstration Pyroformer™/Gasifier power plant at the European Bioenergy Research Institute (EBRI) on the Aston University campus was formally opened on 28 October 2013.

EBRI is working with a wide variety of external organisations to develop bioenergy business solutions and to demonstrate the generation of energy from waste materials. This £16m facility has been funded by the European Regional Development Fund and Aston University.

In recognition of our ongoing collaborative research with SMEs the University won 5 applications for Knowledge and Training Partnerships (KTPs) from the Technology Strategy Board and 9 Industrial CASE awards from the Biotechnology and Biology Sciences Research Council (BBSRC) and the Engineering and Physical Sciences Research Council (EPSRC).

The University has joined the M5 group of Midlands-based research-intensive universities established to boost research collaboration and give researchers greater access to specialist equipment.



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**All research areas submitted ranked in the top 12 in the UK**

**45% of the research submitted evaluated as excellent or world-leading**

**Overall quality has increased since the last RAE in 2001**

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# OPERATING AND FINANCIAL REVIEW

## Business and community engagement

### *The University continues to play an influential role within the local business community.*

Some of the successful initiatives that the University has undertaken, or participated in, over the last year include:



The Goldman Sachs *10,000 Small Businesses* Programme, which is managed and delivered in the Midlands by Aston Business School in partnership with the Goldman Sachs Foundation, is targeted at business owners who have clear ambitions to expand their small business or social enterprise. The programme provides participants with practical tools and resources to help them lay the foundation for long term sustainable growth. Aston has been running the programme since 2011 and is currently delivering its fifth cohort and recruiting for the sixth. To date, 109 businesses have graduated, with a cohort of 30 businesses currently on the programme.

Aston University is one of the two leading partners in the Enterprise Research Centre (ERC) along with Warwick Business School, Imperial College Business School, Strathclyde Business School and Birmingham Business School. The £2.9 million centre specialises in research, knowledge and expertise on small and medium-sized businesses, helping to understand the factors affecting business investment, performance and growth.



The University has successfully bid for funding from the European Regional Development Fund (ERDF) and now has six active and three recently approved projects aimed at working with local businesses to help boost local economic growth and job creation and improving graduate employability.

Examples of the current ERDF-funded projects include: The European Bioenergy Research Institute (provides practical bioenergy solutions for companies and local authorities in the West Midlands, UK, Europe and beyond), Servitisation (the extension of traditional manufactured products to include a service component), BSEEN (supporting recent graduates to set up their own businesses), Graduate Advantage (placing unemployed graduates into internships with small, high growth companies) and most recently an Innovation Voucher Scheme which allows SMEs in the West Midlands to apply for a voucher worth £1,500 to directly link to academic support available at Aston and other knowledge base providers.

Aston continues to contribute to a range of activities to support enterprise within the University, not only through the ERDF funded BSEEN programme, but also by working with schemes such as UnLtd, the leading provider of support to social entrepreneurs in the UK, and Young Enterprise to help staff, students and alumni to set up their own enterprises and consider new business creation as a viable and sustainable career option.

The Aston University Engineering Academy (AUEA) opened its doors in September 2012 to its first intake of 60 students in Year 10 and 90 in Year 12. The £16.5m University Technical College (UTC) allows students aged from 14 to 19 to specialise in engineering and science alongside core subjects in English, mathematics, languages and business. The Academy is the first UTC to be sponsored by a University but remains independent of the Aston University group.



# OPERATING AND FINANCIAL REVIEW

The University is a patron and active participant of Birmingham Chamber of Commerce and Industry and the Institute of Asian Businesses.

Aston is involved in proposals to build a national centre for supply chain innovation in Derby as part of a £40m Government project to develop business and manufacturing. The proposed centre will form part of a new *Innovation Campus* being built on a new 215-acre business park next to the headquarters of Rolls-Royce.

One example of the relevance of Aston’s research to industry was shown earlier this year when Dr Anna Hine, from the School of Life and Health Sciences, was named *Commercial Innovator of the Year* by the Biotechnology & Biological Sciences Research Council in recognition of her molecular technology research and its relevance and application in the health industry.



Professor Cliff Bailey, also from the School of Life and Health Sciences, received the prestigious 2013 Lunar Society Medal in recognition of his work within the clinical academic community and his significant achievements and commitment towards Diabetes research.

Aston continues to provide valuable support and assistance to a range of businesses through collaborative research projects. We are currently the 2nd most active University for Knowledge Transfer Partnerships (KTPs) in the West Midlands. Three of our KTP projects in 2012-13 were given one of the two highest ratings possible by the Technology Strategy as follows:

A KTP with Accutronics Ltd, developers and manufacturers of custom rechargeable batteries for professional applications, helped to develop and implement an operations strategy to support a growing and complex project range.

Aquarius Action Projects, a leading provider of services to support individuals and communities suffering with addictions, worked with academics from Aston Business School on a two year KTP to develop management processes and culture for effective communication with commissioning bodies to secure new service development opportunities through introduction of effective tender responses.

A KTP with Warwickshire Police to develop, evaluate and embed processes for cost efficiency for a range of customer services provided through community policing.



# OPERATING AND FINANCIAL REVIEW

## Energy, Environment and Sustainability

Aston University has implemented a number of initiatives in the last year that have helped drive the University forward with its sustainable agenda. The following are the main areas where it is felt Aston has made a significant improvement in our carbon emissions as well as improving our corporate responsibility:

We have maintained a first class position in the People & Planet Green League ranked 12<sup>th</sup> out of over 140 institutions, as published in the Guardian last May. This places us in the top 10% in terms of environmental / ethical performance and practice.

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

A second Solar Photovoltaic (PV) was installed to harvest solar energy. The new system was fitted onto our Vision Science building and helps generate around 20,000 kWh a year.

Aston University has been shortlisted in the Energy Efficient Data Centre Project of the Year category of the Energy Awards 2013. Its submission looked at the recent changes Information Systems Aston (ISA) have made to the main data centre that have helped reduce electricity significantly including the installation of a free cooling ventilation system.

Aston was highly commended for two Green Gown Awards that recognise the exceptional sustainability initiatives undertaken by universities and colleges across the UK. This was in the 'Construction and Refurbishment' category for our entry 'Historic Woodcock Sports Centre Project' and in the 'Research and Development' category for 'The European Bioenergy Research Institute'.

A number of areas have had LED lighting technology installed replacing old inefficient lighting. Such areas include three main PC labs on the 4<sup>th</sup> floor, the Main Building entrance, Car Park 12 and the lighting throughout the roadway in the lower ground of the Main Building.

The annual Go Green Week was repeated for the fourth year putting on over 30 individual events for staff and students.

Work carries on to make sure we maintain our EcoCampus Platinum award, which is equivalent to ISO14001.



**12<sup>th</sup>** in  
**People & Planet  
Green League**



# OPERATING AND FINANCIAL REVIEW

## Equality and Diversity

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

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

Aston's equality reports and action plans are published on its website:  
<http://www1.aston.ac.uk/staff/hr/equalops/>.

## Principal Risks and Uncertainties

The University identifies and manages its strategic risks via a robust risk management process, ensuring appropriate mitigating actions are employed. The principal risks facing the University are those which the wider Higher Education sector is faced with:

### ***Poor student experience leading to decreased uptake of student places***

Fundamentally the University must continue to improve students' total experience, including learning, employment prospects and quality of student life.

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

Attracting high quality international students is essential for the University but is affected by Government policy and UKBA requirements.

- Internal audit conducted a focussed review of the University's UKBA processes and confirmed that they are fit for purpose and working satisfactorily. As a result of the audit we have implemented further improvements in this area.

### ***Reduced research funding***

Improving research reputation and increasing research funding is a key part of University strategy. The University monitors its research performance closely and is investing to develop world leading research centres with national and international partners.

- Aston has strived to ensure the quality of its REF submission in 2013 with its subsequent impact on research reputation and funding in future years.

## OPERATING AND FINANCIAL REVIEW

### ***Insufficient financial resources to achieve objectives***

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

- Aston has mitigated this risk by producing a strategic financial plan through to 2019/20 to give a balanced assessment of income, expenditure, operating surplus, capital investment and sources of funding. The strategic financial plan is consistent with overall University goals and provides a framework for strategic decision making. It also sets the targets for detailed annual plans.
- Aston has also expanded its Value for Money strategy to include a process efficiency initiative, APEx (Aston Process Excellence). APEx will introduce a culture of continuous improvement in the University and enable the University to grow more efficiently and generate more cash for investment or as a buffer against unforeseen developments.

### ***Operational issues lead to reduced performance***

People are at the heart of the University's success. Creating a performance culture and recruiting and retaining talent are key parts of University strategy.

- "Aston First", an expression of Aston's values, was launched in 2010 and continues to be promoted throughout the University. These values reinforce a performance culture and are consistent with our staff appraisal system.
- Aston continues to invest in staff training and communication.
- Aston benefits from low staff attrition.

The University is dependent on a comprehensive and effective IT infrastructure which is both open to the needs of students and academics whilst secure and resilient.

- Aston is embarking on a strategic review of IT ensuring that its IT infrastructure meets future requirements.
- Aston has an effective IT disaster recovery plan.
- Internal audit conducted a review of IT security in 2012-13. Whilst the review was satisfactory overall it did highlight some areas for improvement which have now been made.

  
**THE SUNDAY TIMES**

**"Almost nine out of ten Aston graduates - far more than the national average - go into jobs, often returning to the scene of their work placement"**

*2014 Sunday Times University Guide*



# OPERATING AND FINANCIAL REVIEW

## Financial Review

Total income has risen by 5% to £117.1m. Key drivers of growth are the changes to student funding, research and increased student population. Operating surplus before exceptional items has risen to £3.5m, a £1.2m (53%) increase. The improved surplus is due to higher income and containment of costs. 2012-13 saw another year of high capital investment of £19.0m bringing the total investment made over the last 3 years to £58.3m. Cash reserves are declining due to the high investment but still remain at £22.2m at the end of the year.

### Student Population

The overall number of students has increased from last year with a total population for 2012-13 of 11,352, a growth of just over 2%. Local students (from Birmingham and the West Midlands) represent 34% and international students represent 32% of the total student population.

### Teaching Income

The HEFCE grant has fallen following the introduction of the £9,000 Student Loan for 2012-13. This has reduced by 16% since 2011-12 from £33.4m to £27.9m in 2012-13, reducing the grant received to 24% of the total income compared to 30% last year. This decrease is more than offset by higher tuition fees directly from students or via the Student Loan Company.

The adoption of new regime tuition fees for Home and EU undergraduates has driven an increase in academic fees and support grants of 20%. At a more granular level, Home and EU students fees have risen by 37% as the first year of £9,000 SLC funding is taken up. Overseas student income has also risen in line with an increase in student numbers. The University has worked hard to assist international students in understanding immigration controls which has been a factor in the growth.

### Research Income

Reported research income increased by 7% to £11.8m during the year although the value of research grants awarded rose by the same percentage to a record £17.5m new awards in the year. The University continues to invest in research capability including additional staff members, complementary skill sets and research facilities.

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. The period to be assessed under the Research Excellence Framework (REF) closed in July 2013 and the University will be submitting its REF in December 2013 which will inform research funding from 2015/16 onwards.

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**57%**

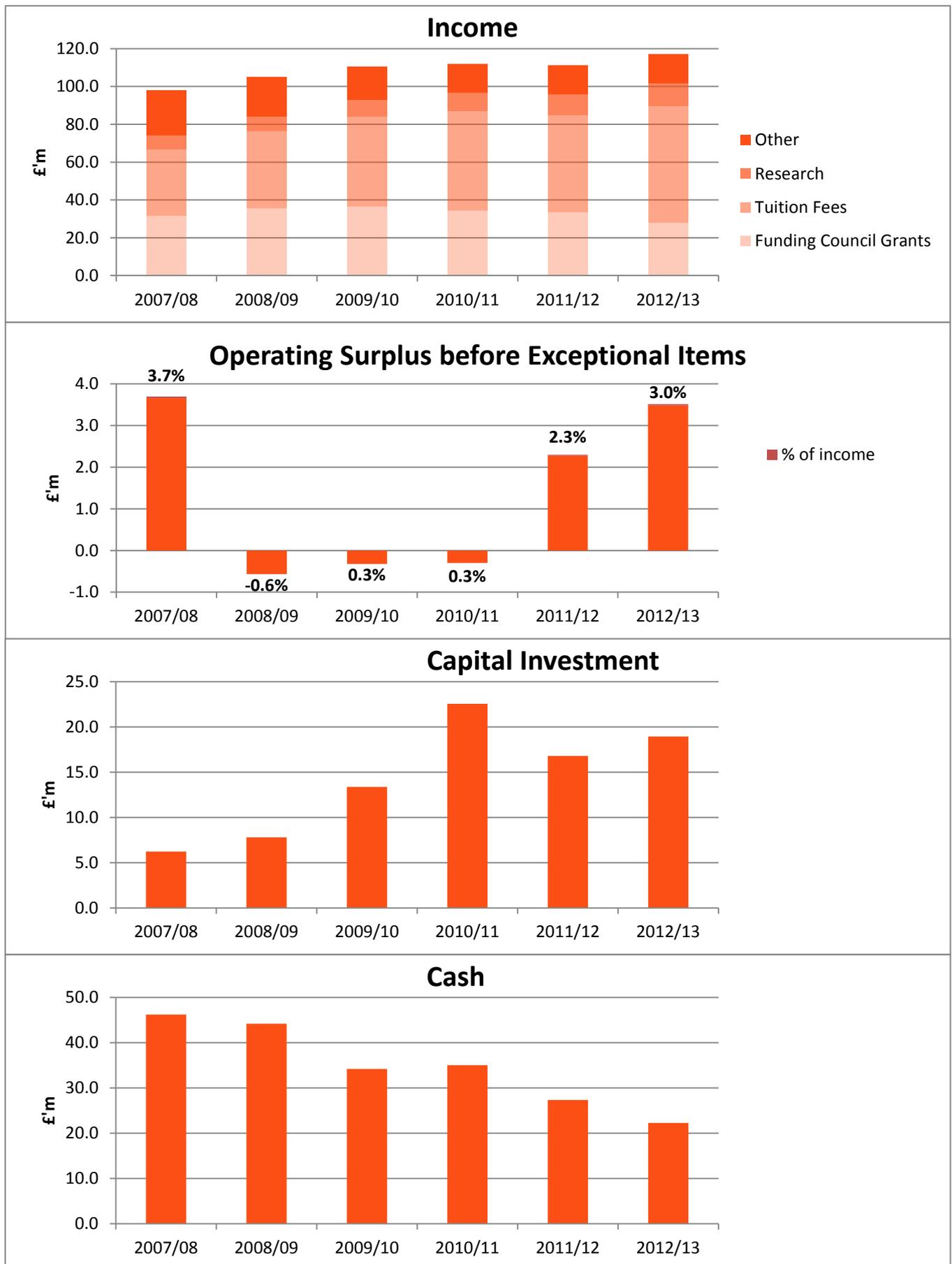
*of student fees are from Home and EU students*

**43%**

*of student fees are from overseas students*

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# OPERATING AND FINANCIAL REVIEW



# OPERATING AND FINANCIAL REVIEW

## Other Income

Other operating income has risen by 1% to £15.3m. The largest component of other income is residences, catering and conferences which together grew by 1% to £6.8m. Income from exploitation of intellectual property rights (IPR) arising out of academic work of £1.4m was flat year on year. Erasmus grants also rose by 52% but are a matched income and cost. The newly refurbished Sir Doug Ellis Woodcock Sports Centre opened its doors in October 2011 leading to a 10% increase in sports and recreation income for the full year 2012-13.

## Staff Costs

Staff costs rose by 5% to £64.8m representing 55% of income. The increase was due to the national pay award of 1% and staff mix changes. Academic staff have risen by 24 FTE and administrative staff by 21 offset by a decrease in clerical staff of 19 FTE. There were no restructuring costs in the year and these figures include the FRS17 pension adjustments.

## Pensions

The University's staff are eligible to join one of two main defined benefit pension schemes: the Universities Superannuation Scheme (USS) and the Aston University Pension Scheme (AUPS). USS is an independent 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 taken steps to manage its liabilities by amending its scheme so that from 1<sup>st</sup> October 2012 new members' pensions are calculated on a career average basis rather than a final salary basis and 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.

The Aston University Pension Scheme deficit reported under FRS17, has decreased from £5.8m at the start of the year to £1.1m at the end.

The University also participated in the Local Government Pension Scheme (LPGS) which was closed this year when the University's last active member retired.

# OPERATING AND FINANCIAL REVIEW

## Other Operating Expenses

Operating expenses rose by £3.4m mainly in support of improved academic delivery. Residencies, catering and conferences have increased costs as a result of outsourcing the conferencing contract to a third party provider instead of using in house staff. Aston continues to invest in its estates leading to an increase in expenditure classed as maintenance costs.

The annual depreciation charge has fallen by 18% following the £2m accelerated depreciation for the Gosta Green site in 2011-12. The site was reclassified as a fixed asset on 31 July 2011.

## Capital Expenditure

The University has continued to modernise and extend its facilities for teaching, research and students, with capital investment of £19.0m in 12-13 (£16.8m in 11-12). Key developments in the year were: European Bioenergy Research Institute, Sir Doug Ellis Woodcock Sports Centre, School of Engineering and Applied Science particularly new chemical engineering laboratories and completion of the refurbishment of the library.

The construction of phase 2 of the new residences by Aston Student Villages (ASV) was completed in September 2013. The second phase of the development added a further 1,063 rooms to the 1,307 new en-suite rooms completed in phase 1 of construction. Following completion of phase 2, ASV has over 3,000 student rooms on campus which are all available for the 2013/14 student intake.

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 nominated independents.

## Balance Sheet

The University continues to maintain a strong balance sheet. Net assets at 31 July 2013 were £88.7m including reserves of £63.8m.

Fixed assets have increased to £119.2m at net book value following the capital spend in the year. There is a legal charge on some fixed assets as security for bank loans which have an outstanding balance of £36.9m.

Tuition fee debtor collections have been strong in the year with only 0.7% remaining uncollected at year end. Work is ongoing with the Student Loan Company to ensure that cash flows are optimised and outstanding debts limited. Overall debtor levels remain low compared with current liabilities due to the forward phasing of some of the main components of debtors such as HEFCE grants or accommodation receipts.

The reduction in the AUPS and LGPS pension liabilities has decreased the pension deficit by £6.7m although provisions and charges have risen by £1.7m to account for the LGPS liability under FRS12: Provisions, contingent assets and contingent liabilities.

## OPERATING AND FINANCIAL REVIEW

### Cash flow and Investment Performance

Cash and liquid resources have decreased by £5.1m to £22.2m (2011-12: £27.3m). The University generated £9.2m of cash from operating activities in the year and had capital investment of £19.0m. Cash received from donations and endowments was low and in line with last year.

The outstanding borrowings of the University were £36.9m amortising to 2037.

Bank interest generated on the University cash deposits was £0.2m (11-12: £0.3m). This represents an average rate of return during the year of 1.0% (11-12: 1.0%). The interest rates that the University is currently able to attract are ranging between 0.25% - 1.40% depending on the term of the deposit.

Interest payable has reduced this year to £1.4m (11-12: £1.7m) driven by two factors; a £10m tranche of the £40m loan converted from a higher fixed interest rate to a lower Libor based interest rate from September 2012 and there were no FRS17 interest charges in 12-13.

### Scope of the Financial Statements

The Financial Statements for the year ended 31 July 2013 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 Aston Student Villages Limited (ASV) and the Students' Union which are reported separately. The Students' Union is a separately registered charity which was registered with the Charities Commission in October 2011.

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

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**Capital  
investment of  
£19m in  
the year**

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Mr Mark Hodgson  
Chief Financial Officer  
27 November 2013



# CORPORATE GOVERNANCE STATEMENT

## Corporate Governance

Council continues to comply with the CUC Governance Code of Practice and the Model Financial Memorandum between HEFCE and Higher Education Institutions which includes the HEFCE Audit Code of Practice. This includes a comprehensive risk assessment and management process which is now firmly established and monitored by the Audit Committee on behalf of Council. Audit Committee reviews policies and processes that ensure value for money is delivered by the University, whilst the Finance and Major Projects Committee assesses the costs, risks and benefits associated with major capital projects.

## Governance Structure

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

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

## Council

The University's Council comprises 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 is responsible for the approval of plans for the on-going strategic direction of the University, approval of major developments and the receipt of regular reports from Executive Officers on the day-to-day operations of its business and its subsidiary companies. In addition, members of the Council have an annual strategy away day, focussing on the development and implementation of strategy.

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

# CORPORATE GOVERNANCE STATEMENT

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

## Senate

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

## Committees

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

The Audit 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 considers reports on the effectiveness of value for money and purchasing policies and procedures. 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.

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

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

## Executive

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

The Executive Operations Group (EOG), a subset of Executive, comprising the Vice-Chancellor, Deputy Vice-Chancellor, Chief Financial Officer and Chief Operating Officer meet fortnightly to look at operational issues. All statutory returns, Internal Audit reports and other operational issues are reviewed and agreed by EOG.

# CORPORATE GOVERNANCE STATEMENT

## Internal Control

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

The key elements of the University's system of internal control, which is designed to ensure that there is a robust and effective control environment, include a robust Audit Committee with regular reporting to Council whose responsibilities include review of the risk register and the internal control environment. Audit Committee receives reports from a professional Internal Audit team whose annual programme is approved by the Committee and whose head provides the Committee with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of internal control, including internal financial control. Audit Committee also receives comments made by the external auditors in their management letter and other reports.

## Financial Control

Council is charged with taking 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; to ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; to safeguard the University's assets and prevent and detect fraud; and to secure the economical, efficient and effective management of the University's resources and expenditure.

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

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

Council has set a comprehensive long, medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets. Council carries out regular reviews of key performance indicators (KPIs) against its strategic targets and quarterly reviews of financial results involving variance reporting and updates of forecast outturns. The KPIs were revised to take account of the *Aston 2020* strategy by the Executive in 2012-13 and to be more closely aligned with the Risk Register. The KPIs encompass student success measures together with financial and non-financial indicators which include monitoring of research activity, results of staff and student surveys and assessment of the University estate.

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

# CORPORATE GOVERNANCE STATEMENT

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

In 2012-13, the Council approved the adoption of a new University Ethics Framework reflecting Aston's commitment to high ethical standards and regulatory compliance, and setting out the broad range of regulations, policies and practices which govern its relationships with colleagues, customers, partners, suppliers and other stakeholders. The terms of reference of the Audit Committee were also extended to include the provision of assurance to Council on the effectiveness of the oversight and operation of the University's Ethics Framework.

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

## **Risk Management**

The University has a strategic risk register which is compiled and reviewed by the Executive. The University has a Head of Strategic Risk who manages the operational activities on behalf of Council. Risks are split between operational and environmental risks and include financial and non-financial risks. Mitigations and sources of assurance are considered for all risks. Tactical risks are held at School or working group level and are an integral part of all governance and operating activities.

The Audit Committee reviews the University's strategic risk register at regular intervals and reports its observations to the Council, which undertakes reviews of strategic risk management on a twice-yearly basis. The University has, in the view of the Committee, developed effective and robust procedures and controls for the management of risk.

In order to provide assurance that the above process is operating effectively, Internal Audit undertakes an annual review of the University's procedures for governance and risk management, and its arrangements to promote value for money, as well as the underlying control and monitoring processes. The Internal Audit Annual Report 2012-13 concluded that overall, in the areas examined, the risk management activities and controls were suitably designed to achieve the risk management objectives required by management.

## **Accounting Basis**

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

## **Going Concern**

The Council has considered the University's academic and financial position, with due regard to its cash flows, liquidity and borrowings, and future expectations as set out in the operating and financial review. It is satisfied that the University has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

# CORPORATE GOVERNANCE STATEMENT

## THE COUNCIL MEMBERSHIP DURING 2012-13

### Ex-officio

Sir John Sunderland	The Chancellor
Dr P Golby, CBE FREng	The Pro-Chancellor (Chairman)
Professor Dame Julia E King, DBE FREng	The Vice-Chancellor
Professor H E Higson, OBE	Senior Pro-Vice-Chancellor
Professor R F Berry	Executive Dean and Head of School
Professor N Driffield	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 <i>until 31<sup>st</sup> July 2013</i>
Professor S Green	Executive Dean and Head of School <i>from 1<sup>st</sup> August 2013</i>
Mrs A M MacKinlay	Chief Operating Officer (Secretary-Registrar) <i>until 31<sup>st</sup> July 2013</i>
Mrs J Whitaker	Chief Operating Officer (Secretary-Registrar) <i>from 9<sup>th</sup> September 2013</i>
Mr M Hodgson	Chief Financial Officer

### Appointed

Dr K Ahmed, CBE	Ms C Parkes
Ms P Barber	Mr P Pharaoh
Ms G Bharwaney	Mr M Pullen (Student Union President)
Dr J Blewitt	Mr M J Russell
Dr C Braddock, CBE	Mr S Sharma
Mr S J Doughty, CMG	Mr N J Tamblyn
Ms A Jacobs (Student Union Vice President)	Mr S Towe
Dr M Newbold	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.

## STATEMENT OF THE COUNCIL'S RESPONSIBILITIES

The primary responsibilities of Council may be summarised as:

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

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



# **INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF ASTON UNIVERSITY**

We have audited the group and University financial statements (the "financial statements") of Aston University for the year ended 31 July 2013 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 page 23, 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 2013 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 AUDITOR'S REPORT TO THE COUNCIL OF ASTON UNIVERSITY

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

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes
- 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.



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

27 November 2013



# CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 July 2013

	Note	2012-13 £000	2011-12 £000
<b>INCOME</b>			
Funding Council grants	1	27,924	33,405
Academic fees and support grants	2	61,669	51,263
Research grants and contracts	3	11,842	11,074
Other operating income	4	15,344	15,144
Endowment income and interest receivable	5	343	394
Total Income		<u>117,122</u>	<u>111,280</u>
<b>EXPENDITURE</b>			
Staff costs	6	64,754	61,387
Depreciation	9	8,815	10,690
Other operating expenses	7	38,651	35,242
Interest payable	8	1,420	1,683
Total Expenditure		<u>113,640</u>	<u>109,002</u>
Operating surplus after depreciation of assets at valuation		3,482	2,278
Exceptional Items	10	(44)	1,773
Operating surplus after depreciation of assets at valuation and disposal of fixed assets		<u>3,438</u>	<u>4,051</u>
Surplus/(deficit) for the year transferred to accumulated income in endowment funds	20	20	(42)
Surplus for the year retained for general reserves		<u>3,458</u>	<u>4,009</u>
Included in revenue reserve		3,259	3,923
Included in pension reserve		199	86
		<u>3,458</u>	<u>4,009</u>

All income and expenditure relates to continuing operations.

The notes on pages 30 to 56 form part of the financial statements.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 July 2013

	Note	2012-13 £000	2011-12 £000
Operating surplus after depreciation of assets and exceptional items		3,438	4,051
New endowments		89	66
Appreciation of endowment assets	20	73	3
Actuarial gain/(loss) in respect of AUPS		4,489	(2,482)
Actuarial loss in respect of LGPS		-	(1,967)
<b>Total recognised gains/(losses) relating to the year</b>		<b>8,089</b>	<b>(329)</b>

## NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS

for the year ended 31 July 2013

		2012-13 £000	2011-12 £000
Operating surplus after depreciation of assets and exceptional item		3,438	4,051
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	21	440	1,760
<b>Historical cost surplus</b>		<b>3,878</b>	<b>5,811</b>



# BALANCE SHEETS

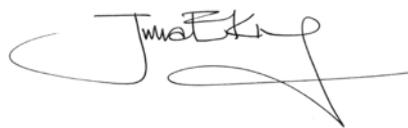
as at 31 July 2013

	Note	GROUP		UNIVERSITY	
		2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000
Fixed Assets	12	119,220	109,234	118,678	108,792
Fixed Asset Investment	13	123	202	1,863	1,942
Endowment Asset Investments	14	1,886	1,744	1,886	1,744
<b>Current Assets</b>					
Stocks		27	62	22	32
Debtors	15	10,909	12,947	11,392	13,139
Investments (all cash deposits)		16,846	24,229	16,107	23,613
Cash at bank and in Hand		5,402	3,116	5,402	3,131
		<u>33,184</u>	<u>40,354</u>	<u>32,923</u>	<u>39,915</u>
<b>Creditors:</b> amounts falling due within one year	16	<u>(26,796)</u>	<u>(28,481)</u>	<u>(26,239)</u>	<u>(28,205)</u>
<b>Net Current Assets</b>		<b>6,388</b>	<b>11,873</b>	<b>6,684</b>	<b>11,710</b>
<b>Creditors:</b> amounts falling due after more than one year	17	<u>(35,889)</u>	<u>(36,766)</u>	<u>(35,889)</u>	<u>(36,766)</u>
Provisions for Liabilities and Charges	18	<u>(1,929)</u>	<u>(631)</u>	<u>(1,929)</u>	<u>(631)</u>
<b>TOTAL NET ASSETS excluding pension liability</b>		<b>89,799</b>	<b>85,656</b>	<b>91,293</b>	<b>86,796</b>
Pension Liability	22	<u>(1,083)</u>	<u>(7,738)</u>	<u>(1,083)</u>	<u>(7,738)</u>
<b>TOTAL NET ASSETS including pension liability</b>		<b>88,716</b>	<b>77,918</b>	<b>90,210</b>	<b>79,058</b>
<b>Represented by:</b>					
<b>Deferred Capital Grants</b>	19	<b>23,069</b>	20,360	<b>23,069</b>	20,360
<b>Endowments</b>	20				
Permanent		1,255	1,094	1,255	1,094
Expendable		631	650	631	650
		<u>1,886</u>	<u>1,744</u>	<u>1,886</u>	<u>1,744</u>
<b>Reserves</b>					
Revaluation Reserve	21	13,424	13,864	13,424	13,864
General Reserves	22	51,420	49,688	52,914	50,828
Pension Reserve	22	<u>(1,083)</u>	<u>(7,738)</u>	<u>(1,083)</u>	<u>(7,738)</u>
		<u>63,761</u>	<u>55,814</u>	<u>65,255</u>	<u>56,954</u>
<b>TOTAL FUNDS</b>		<b>88,716</b>	<b>77,918</b>	<b>90,210</b>	<b>79,058</b>

The financial statements were approved by the Council on 27 November 2013, and were signed on its behalf by the Chief Financial Officer and by the Vice-Chancellor as the principal office holder, as defined in the Financial Memorandum.



Mr Mark Hodgson  
Chief Financial Officer



Professor Dame Julia King  
Vice-Chancellor

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 July 2013

	Note	2012-13 £000	2011-12 £000
Net cash inflow from operating activities	26	9,150	5,177
Returns on investments and servicing of finance	27	(1,111)	(909)
Capital expenditure and financial investment	28	(12,400)	(11,494)
Cash outflow before use of liquid resources		<u>(4,361)</u>	<u>(7,226)</u>
Inflow of management of liquid resources	29	7,403	7,463
Financing	29	(756)	(526)
Increase/(decrease) in cash	29	<u>2,286</u>	<u>(289)</u>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2012-13 £000	2011-12 £000
Increase/(decrease) in cash	29	2,286	(289)
Decrease in short term deposits	29	(7,403)	(7,463)
Long-term loan repaid in the year	29	756	526
Change in Net Debt	29	<u>(4,361)</u>	<u>(7,226)</u>
Net Debt at 1 August	29	(9,314)	(2,088)
Net Debt at 31 July	29	<u>(13,675)</u>	<u>(9,314)</u>

# **NOTES TO THE FINANCIAL STATEMENTS**

## **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES**

### **Basis of preparation**

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

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

### **Basis of accounting**

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

### **Basis of consolidation**

The consolidated financial statements include the University and its subsidiary undertaking Conference Aston Limited.

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

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

### **Recognition of income**

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

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

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

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

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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES**

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

#### **Maintenance of premises**

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

#### **Foreign currency translation**

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

#### **Pension schemes**

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

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

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

Further details of the pension schemes are given in note 30.

# NOTES TO THE FINANCIAL STATEMENTS

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

### Tangible fixed assets

#### *Land and buildings*

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

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

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

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

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

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

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

#### *Equipment*

Equipment costing less than £10,000 (£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	20% pa
Laboratory Equipment/Upgrading	20% pa
Furniture and Fittings	20% pa
Motor Vehicles and General Equipment	25% pa
PC Computer Equipment/Software	33% pa

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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES**

#### ***Leased assets***

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

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

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

#### ***Heritage Assets***

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

#### **Investments**

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

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

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

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

#### **Stocks**

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

#### **Taxation**

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2012 (formerly schedule 2 of the Charities Act 1993) and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2011 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2011 (formerly section 505 Income and Corporation Taxes Act 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES**

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

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

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

#### **Cash flow and liquid resources**

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

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

#### **Provisions**

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



## NOTES TO THE FINANCIAL STATEMENTS

### 1. FUNDING COUNCIL GRANTS (HEFCE)

	2012-13	2011-12
	£000	£000
Recurrent Grant	23,697	29,018
Specific Grants:		
Higher Education Innovation Fund	1,690	2,087
Other	110	58
Sub-total	25,497	31,163
Deferred Capital Grants released in the year (note 19)	2,427	2,242
	<u>27,924</u>	<u>33,405</u>

### 2. ACADEMIC FEES & SUPPORT GRANTS

	2012-13	2011-12
	£000	£000
Home and EU students	33,562	24,585
Overseas students	25,458	23,882
Short Course fees	1,360	1,612
Support grants including bench fees and CASE awards	1,289	1,184
	<u>61,669</u>	<u>51,263</u>

### 3. RESEARCH GRANTS & CONTRACTS

	2012-13	2011-12
	£000	£000
Research Councils and UK-based Charities	3,575	4,453
Other research grants and contracts	8,034	6,327
Sub-total	11,609	10,780
Deferred research equipment grants released in year (note 19)	233	294
	<u>11,842</u>	<u>11,074</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 4. OTHER OPERATING INCOME

	2012-13	2011-12
	£000	£000
Residences, Catering and Conferences	6,809	6,715
Other Services Rendered	599	949
Rents and hire of rooms	1,737	1,677
Sport & Recreation	908	823
Nursery	415	413
Deferred Capital Grant release (note 19)	235	140
Departmental Earnings	53	70
ERASMUS Grants	936	615
AWM & other revenue grant income	619	638
Recovery of VAT	414	484
Income from exploitation of IPR	1,374	1,358
Other income	1,245	1,262
	<u>15,344</u>	<u>15,144</u>

### 5. ENDOWMENT INCOME AND INTEREST RECEIVABLE

	2012-13	2011-12
	£000	£000
Income from expendable endowments (note 20)	16	16
Income from permanent endowments (note 20)	35	31
Net return on AUPS	47	-
Other investment income and interest receivable	245	347
	<u>343</u>	<u>394</u>

### 6. STAFF

	2012-13	2011-12
	£000	£000
<b>Costs of all wages and salaries:</b>		
Basic pay	50,386	47,806
Employer's Social Security	4,252	4,069
Employer's pension contributions including FRS 17 adjustment (note 30)	10,116	9,512
Total Pay Costs	<u>64,754</u>	<u>61,387</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 6. STAFF continued

#### Emoluments of the Vice Chancellor Professor Dame Julia King

	2012-13	2011-12
	£000	£000
Salary in respect of the current year	254	251
<b>Performance related pay</b>		
In respect of the current year	25	20
Benefits in Kind	1	1
<b>Total</b>	<b>280</b>	<b>272</b>

The Vice Chancellor was awarded a performance related payment of £25,000 in 2012-13 (2011-12: £20,000) of which £12,000 (2011-12: £10,000) will be donated through salary sacrifice to University initiatives to support the development of women's careers at Aston.

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff below, i.e. excluding employer's social security and pension contributions and including benefits in kind. The Vice Chancellor ceased active membership of USS in April 2012 and therefore there were no employer contributions in 2012-2013 (2011-12: £26,773 for 8 months). The University accrued contributions including interest of £42,753 (2011-12: £13,420 for 4 months) in respect of an unregistered, unfunded, retirement benefits scheme.

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

	2012-13	2011-12
	Number	Number
£100,000- £109,999	13	8
£110,000- £119,999	2	3
£120,000- £129,999	5	6
£130,000- £139,999	2	-
£180,000- £189,999	1	1
£190,000- £199,999	-	1
£250,000- £259,999	1	-

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

Academic	510	486
Technical	46	45
Administrative	349	328
Clerical, manual and other	395	414
	<b>1,300</b>	<b>1,273</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 7. OTHER OPERATING EXPENSES

	2012-13	2011-12
	£000	£000
Consumables, laboratory and other expenses in Academic Departments	7,066	5,341
Library, Information Systems and other Academic Services	3,157	3,285
Research Grants and Contracts	5,187	5,710
Residences, Catering and Conferences	4,385	2,361
Maintenance of premises	5,787	5,061
Administrative and Central Services	3,211	3,184
General Educational expenditure incl the non pay costs of certain grants	7,253	7,261
Student & Staff Facilities	999	1,008
Other Services Rendered	946	994
Miscellaneous expenditure	660	1,037
	<u>38,651</u>	<u>35,242</u>

No payments were made to University Trustees in respect of their responsibilities as members of Council (2011-12: £Nil).

### 8. INTEREST PAYABLE

	2012-13	2011-12
	£000	£000
Interest payable on loans repayable in more than 5 years	1,420	1,528
Interest payable on AUPS (note 30)	-	106
Interest payable on LGPS (note 30)	-	49
	<u>1,420</u>	<u>1,683</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 9. ANALYSIS OF EXPENDITURE BY ACTIVITY

<b>2012-13</b>	Staff Costs £000	Dep'n £000	Operating Expenses £000	<b>Total £000</b>
Academic Departments	35,286	2,993	7,066	<b>45,345</b>
Academic Services	4,451	822	3,157	<b>8,430</b>
Research Grants and Contracts	6,030	129	5,187	<b>11,346</b>
Residences, Catering and Conferences	2,278	293	4,385	<b>6,956</b>
Premises	3,763	2,999	5,787	<b>12,549</b>
Administration and Central Services	12,446	1,579	11,463	<b>25,488</b>
Other expenses	652	-	1,606	<b>2,258</b>
FRS 17	(152)	-	-	<b>(152)</b>
Total per Income and Expenditure Account	<u>64,754</u>	<u>8,815</u>	<u>38,651</u>	<u><b>112,220</b></u>

The depreciation charge has been funded by:

Deferred Capital Grants released (note 19)	2,895
Revaluation Reserve released (note 21)	440
General income	5,480
	<u>8,815</u>

<b>2011-12</b>	Staff Costs £000	Dep'n £000	Operating Expenses £000	<b>Total £000</b>
Academic Departments	33,024	2,767	5,341	<b>41,132</b>
Academic Services	4,318	1,131	3,285	<b>8,734</b>
Research Grants and Contracts	4,696	294	5,710	<b>10,700</b>
Residences, Catering and Conferences	2,855	311	2,361	<b>5,527</b>
Premises	3,662	3,056	5,061	<b>11,779</b>
Administration and Central Services	11,542	3,131	11,453	<b>26,126</b>
Other expenses	1,559	-	2,031	<b>3,590</b>
FRS 17	(269)	-	-	<b>(269)</b>
Total per Income and Expenditure Account	<u>61,387</u>	<u>10,690</u>	<u>35,242</u>	<u><b>107,319</b></u>

The depreciation charge has been funded by:

Deferred Capital Grants released (note 19)	2,676
Revaluation Reserve released (note 21)	562
General income	7,452
	<u>10,690</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 10. DISPOSAL OF FIXED ASSETS

GROUP AND UNIVERSITY	2012-13 £000	2011-12 £000
Proceeds on disposal	107	3,605
Retention	-	(100)
Net assets at disposal	(151)	(1,550)
Cost of disposal	-	(182)
Net (loss)/gain on disposal	<u>(44)</u>	<u>1,773</u>

### 11. TAXATION

There is no liability for taxation because of the University's taxation status as set out in the Statement of Principal Accounting Policies and Estimation Techniques.



# NOTES TO THE FINANCIAL STATEMENTS

## 12. FIXED ASSETS

GROUP	Land and Buildings			Equipment		Total £000
	Freehold £000	Long Leaseh'd £000	Constr'n in progress £000	Equipm't £000	Work in progress £000	
<u>Valuation / Cost</u>						
At 1 August 2012	128,613	1,423	10,032	39,542	209	179,819
Transfers	18,664	-	(19,055)	1,507	(1,116)	-
Additions at cost	-	-	16,938	155	1,859	18,952
Disposals	(157)	-	-	(3)	-	(160)
At 31 July 2013	<b>147,120</b>	<b>1,423</b>	<b>7,915</b>	<b>41,201</b>	<b>952</b>	<b>198,611</b>
<u>Depreciation</u>						
At 1 August 2012	37,636	1,115	-	31,834	-	70,585
Disposals	(6)	-	-	(3)	-	(9)
Charge for year	5,842	62	-	2,911	-	8,815
At 31 July 2013	<b>43,472</b>	<b>1,177</b>	<b>-</b>	<b>34,742</b>	<b>-</b>	<b>79,391</b>
Net Book Value at 31 July 2013	<b>103,648</b>	<b>246</b>	<b>7,915</b>	<b>6,459</b>	<b>952</b>	<b>119,220</b>
Net Book Value at 31 July 2012	90,977	308	10,032	7,708	209	109,234

UNIVERSITY	Land and Buildings			Equipment		Total £000
	Freehold £000	Long Leaseh'd £000	Constr'n in progress £000	Equipm't £000	Work in progress £000	
<u>Valuation / Cost</u>						
At 1 August 2012	126,796	1,423	10,032	39,212	209	177,672
Transfers	18,664	-	(19,055)	1,507	(1,116)	-
Additions at cost	-	-	16,938	156	1,688	18,782
Disposals	(157)	-	-	(3)	-	(160)
At 31 July 2013	<b>145,303</b>	<b>1,423</b>	<b>7,915</b>	<b>40,872</b>	<b>781</b>	<b>196,294</b>
<u>Depreciation</u>						
At 1 August 2012	36,209	1,115	-	31,558	-	68,882
Disposals	(6)	-	-	(3)	-	(9)
Charge for year	5,794	62	-	2,887	-	8,743
At 31 July 2013	<b>41,997</b>	<b>1,177</b>	<b>-</b>	<b>34,442</b>	<b>-</b>	<b>77,616</b>
Net Book Value at 31 July 2013	<b>103,306</b>	<b>246</b>	<b>7,915</b>	<b>6,430</b>	<b>781</b>	<b>118,678</b>
Net Book Value at 31 July 2012	90,587	308	10,032	7,654	209	108,792

## NOTES TO THE FINANCIAL STATEMENTS

### 13. 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.

	2012-13			2011-12		
	Cost	Amount provided	Net Investment	Cost	Amount provided	Net Investment
	£	£	£	£	£	£
Conference Aston Ltd	1,740,100	-	<b>1,740,100</b>	1,740,100	-	1,740,100
Other subsidiaries	4	-	<b>4</b>	4	-	4
	<u>1,740,104</u>	<u>-</u>	<u><b>1,740,104</b></u>	<u>1,740,104</u>	<u>-</u>	<u>1,740,104</u>

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

The principal activities of the subsidiaries are as follows:

Aston Student Limited (previously named Aston Oats Ltd)	Dormant
Aston University Consulting Limited	Dormant
Conference Aston Limited	Management of conference activities
EBRI (UK) Ltd	Dormant
Optimus Energy Ltd	Commercialisation of EBRI
ETC-TV Limited	Dissolved in 2012-13
Education Television Limited	Dissolved in 2012-13

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

	2012-13			2011-12		
	Cost	Amount (provided)/ invested	Net Investment	Cost	Amount provided	Net Investment
	£	£	£	£	£	£
Cardionetics Limited	71,525	(71,525)	-	71,525	(71,525)	-
C V C P Head Office Advantage Growth Fund	31,539	-	<b>31,539</b>	31,539	-	31,539
OSI Pharmaceuticals	120,000	(95,068)	<b>24,932</b>	120,000	-	120,000
Protomax	10	-	<b>10</b>	10	-	10
Mercia Fund 2	80	-	<b>80</b>	80	-	80
Aerbuddies Ltd	50,000	16,667	<b>66,667</b>	50,000	-	50,000
H2O Incubator Ten Ltd	19,998	(19,998)	-	19,998	(19,998)	-
	18	-	<b>18</b>	18	-	18
	<u>293,170</u>	<u>(169,924)</u>	<u><b>123,246</b></u>	<u>293,170</u>	<u>(91,523)</u>	<u>201,647</u>
Total investment in subsidiaries and minority interests			<u><b>1,863,350</b></u>			<u><b>1,941,751</b></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 14. ENDOWMENT ASSET INVESTMENTS

GROUP AND UNIVERSITY	2012-13	2011-12
	£000	£000
Balance at 1 August	1,744	1,739
Additions	89	66
Change in market value	73	2
Decrease in short term deposits	(20)	(63)
Balance at 31 July	<u>1,886</u>	<u>1,744</u>
Represented by:		
Hermes Property Unit Trusts	111	113
Charities Official Investment Fund	678	602
M&G investments (James Watt)	154	66
Short Term Deposits (note 29)	943	963
	<u>1,886</u>	<u>1,744</u>

### 15. DEBTORS

	GROUP		UNIVERSITY	
	2012-13	2011-12	2012-13	2011-12
	£000	£000	£000	£000
Trade Debtors	3,645	3,915	2,747	3,395
Research grants and contracts	4,053	3,883	4,053	3,883
Due from subsidiary undertakings	-	-	1,402	930
Other debtors and prepayments	3,135	5,073	3,114	4,855
Investments held for disposal	76	76	76	76
	<u>10,909</u>	<u>12,947</u>	<u>11,392</u>	<u>13,139</u>

### 16. CREDITORS: Amount falling due within one year

	GROUP		UNIVERSITY	
	2012-13	2011-12	2012-13	2011-12
	£000	£000	£000	£000
Research grants and contracts received in advance	5,987	5,342	5,987	5,342
Trade creditors and accruals	19,832	22,282	19,275	22,006
Repayment of Bank loans	977	857	977	857
	<u>26,796</u>	<u>28,481</u>	<u>26,239</u>	<u>28,205</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 17. CREDITORS: Amount falling due after more than one year

GROUP AND UNIVERSITY	2012-13	2011-12
	£000	£000
Long-Term Loans	<b>35,889</b>	36,766
The loan falls due for repayment in instalments as follows:		
	£000	£000
Between 1 and 2 years	<b>1,017</b>	857
Between 2 and 5 years	<b>3,232</b>	3,037
After 5 years	<b>31,640</b>	32,872
	<b>35,889</b>	36,766

The long-term loan comprises:

A term loan of £40 million with rates of interest negotiated at the time of draw down. The loan is payable in quarterly instalments from 2008 to 2037. This loan is secured on a building of the University.

The weighted average interest rate for these loans was 3.84% per annum.

### 18. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP AND UNIVERSITY	At 1 Aug	Utilised in	Increase	At 31
	2012	year	in	July 2013
	£000	£000	£000	£000
Supplementary pensions	198	(25)	1,722	<b>1,895</b>
Property related provision	233	(199)	-	<b>34</b>
Staff related provision	200	(200)	-	-
	<b>631</b>	<b>(424)</b>	<b>1,722</b>	<b>1,929</b>

The increase in provision in the year relates to a change in accounting treatment for the LGPS following the retirement of the final active member (from FRS17: Retirement Benefits to FRS 12: Provisions, Contingent Liabilities and Contingent Assets.) The LGPS is now closed to University active members.

### 19. DEFERRED CAPITAL GRANTS

GROUP AND UNIVERSITY	2012-13			2011-12		
	HEFCE	Other	Total	HEFCE	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 August	<b>15,057</b>	<b>5,303</b>	<b>20,360</b>	16,518	1,394	17,912
Grants receivable	<b>678</b>	<b>4,040</b>	<b>4,718</b>	781	4,119	4,900
Grants received from						
Donations	-	<b>886</b>	<b>886</b>	-	224	224
Released to Income and						
Expenditure (notes 1,3 and 4)	<b>(2,427)</b>	<b>(468)</b>	<b>(2,895)</b>	(2,242)	(434)	(2,676)
At 31 July	<b>13,308</b>	<b>9,761</b>	<b>23,069</b>	15,057	5,303	20,360

## NOTES TO THE FINANCIAL STATEMENTS

### 20. ENDOWMENTS

GROUP AND UNIVERSITY	Restricted	Restricted	Total
	Permanent	Expendable	
	£000	£000	£000
At 1 August 2012	<u>1,094</u>	<u>650</u>	<u>1,744</u>
Capital	803	602	1,405
Accumulated income	291	48	339
New Endowments	89	-	89
Investment Income	35	16	51
Expenditure	(10)	(61)	(71)
Increase in market value of investments	47	26	73
At 31 July 2013	<u><u>1,255</u></u>	<u><u>631</u></u>	<u><u>1,886</u></u>
<b>Represented by:</b>			
Capital	939	628	1,567
Accumulated income	316	3	319
	<u><u>1,255</u></u>	<u><u>631</u></u>	<u><u>1,886</u></u>

### 21. REVALUATION RESERVE

GROUP AND UNIVERSITY	2012-13	2011-12
	£000	£000
At 1 August	13,864	15,624
Released in year relating to disposal	-	(1,198)
Released in year (note 9)	(440)	(562)
At 31 July	<u><u>13,424</u></u>	<u><u>13,864</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 22. GENERAL RESERVES

<b>GROUP</b>	At 1 August 2012	Surplus after dep'n of assets at valuation	Release/ disposal from Reval'n Reserve (note 21)	Transfer from Pension Reserve	At 31 July 2013
	£000	£000	£000	£000	£000
Revenue Reserves	26,687	3,259	440	(1,967)	28,419
Capital Reserve	23,001	-	-	-	23,001
	<u>49,688</u>	<u>3,259</u>	<u>440</u>	<u>(1,967)</u>	<u>51,420</u>

### UNIVERSITY

	At 1 August 2012	Surplus after dep'n of assets at valuation	Release/ disposal from Reval'n Reserve (note 21)	Transfer from Pension Reserve	At 31 July 2013
	£000	£000	£000	£000	£000
Revenue Reserves	28,130	3,613	440	(1,967)	30,216
Capital Reserve	22,698	-	-	-	22,698
	<u>50,828</u>	<u>3,613</u>	<u>440</u>	<u>(1,967)</u>	<u>52,914</u>

### GROUP AND UNIVERSITY

	At 1 August 2012	FRS 17 mvt in income and expend. account	Actuarial Gain AUPS	Transfer from Pension Reserve	At 31 July 2013
	£000	£000	£000	£000	£000
Pension Reserve	<u>(7,738)</u>	<u>199</u>	<u>4,489</u>	<u>1,967</u>	<u>(1,083)</u>

### 23. LEASE OBLIGATIONS

There is an annual obligation of £196,043 for 2012-13 (2011-12: £176,165) 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 £78,740 are due to expire within one year, with £113,439 due to expire in the 2 to 5 years. Other lease commitments payable within one year are £4,624.

## NOTES TO THE FINANCIAL STATEMENTS

### 24. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At the year end, capital commitments for items contracted for but not yet received by the University amounted to £9,104,829 (2011-12: £14,614,781).

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

The University has a contingent liability arising out of an employment tribunal (2011-12: nil).

### 25. RELATED PARTY TRANSACTIONS

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

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

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

Related parties were identified by examining returns submitted by members of Council and senior management team members for the financial year 2012-13.

These financial statements include the following transactions with related parties. No information has been listed for organisations where the income and expenditure is less than £400,000 in the financial year.

	Income Transactions	Expenditure Transactions	Balance due to / (from) the University £000
	£000	£000	£000
Engineering & Physical Sciences Research (ESPRC)	1,584	-	10
Aston Student Villages	1,036	-	37
Aston University Engineering Academy	1,063	1,046	99
National Grid PLC	636	-	-

#### ESPRC

During the year one member of Council was Chair and one member of Council was a council member of ESPRC.

#### Aston Student Villages

One member of Council is a Trustee.

#### Aston University Engineering Academy

One member of Council is a Trustee.

#### National Grid PLC

One member of Council is a non-executive Director.

## NOTES TO THE FINANCIAL STATEMENTS

### 26. RECONCILIATION OF OPERATING SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

	2012-13	2011-12
	£000	£000
Surplus after depreciation of assets	3,438	4,051
Depreciation (note 12)	8,815	10,690
Deferred Capital Grants released to income (notes 1,3,4 and 9)	(2,895)	(2,676)
Investment income (note 5)	(296)	(394)
Interest payable (note 8)	1,420	1,683
Decrease in Stocks	35	2
Decrease/(increase) in Debtors	1,448	(1,861)
Decrease in Creditors	(1,991)	(4,374)
(Decrease)/increase in Provisions	(424)	98
Loss/(profit) on disposal of fixed assets (note 10)	44	(1,773)
LGPS operating adjustment	(245)	-
Increase due to employer pension cost	(199)	(269)
Net Cash Inflow from Operating Activities	<u>9,150</u>	<u>5,177</u>

### 27. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012-13	2011-12
	£000	£000
Income from Endowments (note 20)	51	47
Income from Donations	7	295
Income from Short Term Investments	251	277
Interest paid	(1,420)	(1,528)
	<u>(1,111)</u>	<u>(909)</u>

### 28. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2012-13	2011-12
	£000	£000
Payments to acquire Fixed Assets	(18,752)	(17,413)
Endowments Received	-	66
Investments	(17)	-
Receipts from sales of Tangible Assets	107	3,605
Deferred Capital Grants received	6,262	2,248
	<u>(12,400)</u>	<u>(11,494)</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 29. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Aug 2012	Cash Flows	At 31 July 2013
	£000	£000	£000
Cash at Bank and in Hand	3,116	2,286	5,402
Short-Term Deposits: Current Assets	24,229	(7,383)	16,846
Endowment Assets (note 14)	963	(20)	943
Sub-total	28,308	(5,117)	23,191
Long-term loan (notes 16 and 17)	(37,622)	756	(36,866)
Total	(9,314)	(4,361)	(13,675)

## 30. PENSION SCHEMES

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

The total pension cost for the University was:

	2012-13 £000	2011-12 £000
Contributions to USS	8,568	8,276
Contributions to AUPS including FRS 17 adjustment	1,491	1,209
Contributions to LGPS	78	27
Release of Enhanced Pension Provision	(21)	-
Total Pension Cost	10,116	9,512

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

	2012-13 £000	2011-12 £000
USS	-	-
AUPS	117	120

### Summary of FRS 17 Liabilities

Analysis of the amount shown in the balance sheet:

	AUPS £000	LGPS £000	Total 2012-13 £000
Total market value of assets	65,128	-	65,128
Present value of scheme liabilities	(66,211)	-	(66,211)
Deficit in the scheme - Net pension liability	(1,083)	-	(1,083)

## NOTES TO THE FINANCIAL STATEMENTS

### 30. PENSION SCHEMES continued

#### USS

The institution participates in the Universities Superannuation Scheme Limited (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 triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a stator funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2013 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect of the result of the valuation are those relating to the rate of return on investments (ie the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of prices inflation.

# NOTES TO THE FINANCIAL STATEMENTS

## 30. PENSION SCHEMES continued

Since the valuation effective date, there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

### *New Entrants:*

Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

### *Normal pension age:*

The normal pension age was increased for future service and new entrants to age 65.

### *Flexible Retirement*

Flexible retirement options were introduced.

### *Member contributions increased*

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB section members respectively.

### *Cost sharing*

If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

### *Pensions increase cap*

For service derived after 30 September 2011, the USS will match increases in official pensions for the first 5%. If pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

At 31 March 2013, USS had over 148,000 active members and the institution had 878 active members participating in the scheme.

The total pension cost for the institution was £8,568,000 (2012: £8,276,000). This includes £13,000 (2012: £19,000) outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 16% of pensionable salaries. The next formal triennial actuarial valuation is due as at 31 March 2014.

## 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:

	<b>2012-13</b>	2011-12	2010-11
Salary scale increases per annum	<b>3.8%</b>	3.5%	4.5%
Pension increases per annum (post 1.9.90 joiners)	<b>3.3%</b>	2.65%	3.45%
Pension increases per annum (pre 1.9.90 joiners)	<b>3.6%</b>	3.6%	3.6%
Discount rate	<b>4.5%</b>	4.4%	5.5%
Price inflation	<b>3.3%</b>	2.7%	3.4%

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

## NOTES TO THE FINANCIAL STATEMENTS

### 30. PENSION SCHEMES continued

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.

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

	2012-13	2011-12
Retiring today		
Males	20.0	20.9
Females	22.8	23.5
Retiring in 20 years		
Males	21.2	22.2
Females	24.3	24.7

The scheme assets and the assumptions on investment returns were:

	Expect. long term rate of return	Value at 31 July 2013 £000	Expect. long term rate of return	Value at 31 July 2012 £000	Expect. long term rate of return	Value at 31 July 2011 £000
Equities	6.60%	43,556	6.30%	35,687	7.00%	34,972
Fixed interest gilts and cash	3.40%	8,148	2.80%	7,041	4.30%	7,289
Property	4.60%	5,140	6.30%	5,013	6.70%	5,136
Cash	3.40%	402	2.80%	381	4.30%	716
Corporate and int'l bonds	4.20%	7,836	3.90%	7,249	6.00%	6,710
Other	3.40%	46	2.80%	40		-
		<u>65,128</u>		<u>55,411</u>		<u>54,824</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

	2012-13 £000	2011-12 £000	2010-11 £000	2009-10 £000	2008-09 £000
Total market value of assets	65,128	55,411	54,824	49,475	43,251
Present value of scheme liabilities	<u>(66,211)</u>	<u>61,182</u>	<u>58,199</u>	<u>56,210</u>	<u>48,572</u>
<b>Deficit in the scheme - Net pension liability</b>	<u><b>(1,083)</b></u>	<u><b>(5,771)</b></u>	<u><b>(3,375)</b></u>	<u><b>(6,735)</b></u>	<u><b>(5,321)</b></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 2013 £1,120,512 (2012: £783,652) had accumulated in the restricted account.

# NOTES TO THE FINANCIAL STATEMENTS

## 30. PENSION SCHEMES continued

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

	2012-13	2011-12
	£000	£000
Service cost	1,491	1,476
Past service cost	-	-
Total operating charge	<u>1,491</u>	<u>1,476</u>

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

	2012-13	2011-12
	£000	£000
Expected return on pension scheme assets	2,735	3,083
Interest on pension scheme liabilities	<u>(2,688)</u>	<u>(3,189)</u>
Net credit/(charge)	<u>47</u>	<u>(106)</u>

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

	2012-13	2011-12
	£000	£000
Actuarial gains/(losses) on scheme assets	7,007	(2,270)
Actuarial losses on scheme liabilities	<u>(2,518)</u>	<u>(212)</u>
Changes in assumptions	-	-
Net gain/(loss) recognised in the STRGL	<u>4,489</u>	<u>(2,482)</u>

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

	2012-13	2011-12
	£000	£000
At the beginning of the year	61,182	58,199
Current service cost	1,491	1,476
Interest cost	2,688	3,189
Contributions by scheme participants	18	18
Actuarial losses	2,518	212
Benefits paid	<u>(1,686)</u>	<u>(1,912)</u>
At end of year	<u>66,211</u>	<u>61,182</u>

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

	2012-13	2011-12
	£000	£000
At the beginning of the year	55,411	54,824
Expected rate of return on scheme assets	2,735	3,084
Contributions by the employer	1,644	1,667
Contributions by scheme participants	18	18
Actuarial gains/(losses)	7,006	(2,270)
Benefits paid	<u>(1,686)</u>	<u>(1,912)</u>
At end of year	<u>65,128</u>	<u>55,411</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 30. PENSION SCHEMES continued

#### History of experience gains or losses

Actual return less expected return on scheme assets	<b>2012-13</b>	2011-12	2010-11	2009-10	2008-09
	<b>£000</b>	£000	£000	£000	£000
Amount	<b>7,006</b>	(2,270)	2,458	2,680	(4,286)
% of scheme assets	<b>11%</b>	(4%)	4%	5%	(10%)
Experience gains and losses on scheme liabilities	<b>2012-13</b>	2011-12	2010-11	2009-10	2008-09
	<b>£000</b>	£000	£000	£000	£000
Amount	<b>(64)</b>	(87)	1,141	(29)	(184)
% of scheme liabilities	<b>0%</b>	0%	2%	0%	0%
Total amounts recognised in statement of total recognised gains and losses	<b>2012-13</b>	2011-12	2010-11	2009-10	2008-09
	<b>£000</b>	£000	£000	£000	£000
Amount	<b>4,489</b>	(2,482)	2,825	(2,080)	2,634
% of scheme liabilities	<b>7%</b>	(4%)	5%	(6%)	6%

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses is a gain of £4,489,000 (2011-12: £2,482,000 loss).

The University expects to contribute £1,700,000 to the Aston University Pension Scheme in 2013-14.

#### LGPS

The University participated in the Local Government Pension Scheme (LGPS) multi- employer scheme. The University had one active member in the LGPS who retired in 2012-13 whereupon the scheme was closed for Aston University active members. Until 2011-12, this scheme has been accounted for as a defined contribution scheme. In 2011-12 the University reviewed this policy, and decided to account for the scheme as a defined benefit scheme in accordance with FRS 17 based upon an actuarial valuation of the fund by the scheme's qualified independent actuary. For 2012-13, the accounting for LGPS was changed from FRS 17: Retirement Benefits to FRS 12: Provisions, Contingent Liabilities and Contingent Assets (note 18).

The following information relates to the University's part of the scheme, not the entire scheme.

The assumptions used by the actuary are:

	<b>2012-13</b>	2011-12	2010-11
Salary scale increases per annum	<b>n/a</b>	3.75%	4.55%
Pension increases per annum	<b>n/a</b>	2.0%	2.8%
Discount rate	<b>n/a</b>	3.8%	5.1%
Price inflation	<b>n/a</b>	2.0%	2.8%

## NOTES TO THE FINANCIAL STATEMENTS

### 30. PENSION SCHEMES continued

The assumed life expectations on retirement age 65 are:

	2012-13	2011-12
Retiring today		
Males	n/a	22.0
Females	n/a	24.7
Retiring in 20 years		
Males	n/a	23.8
Females	n/a	26.6

The schemes assets and assumptions on investment returns were:

	Expect. long term rate of return	Value at 31 July 2013 £000	Expect. long term rate of return	Value at 31 July 2012 £000	Expect. long term rate of return	Value at 31 July 2011 £000
Equities	n/a	7.00%	1,251	7.50%	1,703	
Government bonds	n/a	2.50%	212	3.90%	267	
Other bonds	n/a	3.40%	228	5.20%	190	
Property	n/a	6.00%	232	6.50%	287	
Cash	n/a	0.50%	37	0.50%	52	
Other	n/a	7.00%	341	7.50%	-	
	<u>n/a</u>		<u>2,301</u>		<u>2,499</u>	

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

	2012-13 £000	2011-12 £000
Expected return on pension scheme assets	n/a	155
Interest on pension scheme liabilities	n/a	(204)
Net charge	<u>n/a</u>	<u>(49)</u>

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

	2012-13 £000	2011-12 £000
Actual return less expected return on scheme assets	n/a	(85)
Experience gains and losses on scheme liabilities	n/a	(263)
Net deficit at the beginning of the year	n/a	(1,619)
Net loss recognised in the STRGL	<u>n/a</u>	<u>(1,967)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 30. PENSION SCHEMES continued

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

	2012-13	2011-12
	£000	£000
At the beginning of the year	n/a	4,147
Current service cost	n/a	7
Interest cost	n/a	204
Contributions by scheme participants	n/a	2
Actuarial losses	n/a	263
Benefits paid	n/a	(355)
At end of year	<u>n/a</u>	<u>4,268</u>

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

	2012-13	2011-12
	£000	£000
At the beginning of the year	n/a	2,499
Expected rate of return on scheme assets	n/a	155
Contributions by the employer	n/a	85
Contributions by scheme participants	n/a	2
Actuarial losses	n/a	(85)
Benefits paid	n/a	(355)
At end of year	<u>n/a</u>	<u>2,301</u>

### 31. HARSHIP FUNDS AND OPPORTUNITY BURSARIES

	2012-13	2011-12
	£000	£000
Balance spent at 1 August	(21)	(13)
HEFCE Grants (see below)	125	134
Administration Costs	-	(4)
Disbursed to students	<u>(127)</u>	<u>(138)</u>
Balance spent at 31 July	<u>(23)</u>	<u>(21)</u>

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.

### 32. FEES PAID TO EXTERNAL AUDITORS

Fees paid to the University's external auditors for the provision of audit services amounted to £28,000 for the University and £3,000 for the subsidiary company (2011-12: £26,000 for the University and £3,000 for the subsidiary companies). Fees to the auditors for the provision of non-audit services amounted to £80,736 for the University and £Nil for the subsidiary companies (2011-12: £61,428 for the University and £2,000 for the subsidiary companies). Non-audit services comprise advice on Corporate structure, taxation matters, and the audit of Capital and Revenue Grants.

## NOTES TO THE FINANCIAL STATEMENTS





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