

Financial Statements 2019/20



Contents

	Page
Foreword by the Vice-Chancellor	3
Key Highlights	4
Operating and Financial Review	9
Corporate Governance Statement	13
Independent Auditor's Report to the Council of Aston University	23
Statement of Principal Accounting Policies	26
Statement of Comprehensive Income and Expenditure Account	34
Statement of Changes in Reserves	35
Balance Sheet	36
Consolidated Cash Flow Statement	37
Notes to the Financial Statements	38



Our mission

Our mission is to be the UK's leading university for students aspiring to succeed in business and the professions, where original research, enterprise and inspiring teaching deliver local and global impact.

Our vision

In 2023 Aston University will have an international reputation for delivery of outstanding graduate outcomes and equipping business and communities with the skills for future success.



Foreword by
Professor Alec Cameron
Vice-Chancellor and Chief Executive

This year has been a challenging year both globally and for the University as we have all had to deal with the impact of the COVID-19 pandemic. In line with our strategy, the beneficiaries of the University – students, business and the professions, and our region – have been at the forefront of our response to COVID-19 as their future success is critical to us.

The year started positively with a growing student population as we welcomed students from over 120 different countries around the world. Aston has long been recognised as a university that equips students with the skills and knowledge they need to thrive in businesses and the professions and our integrated placement year remains very popular, with the majority of our students spending a year in business, a year abroad, or in pre-registration for subjects allied to medicine. As we move forward, our focus is on ensuring that as many students as possible are able to experience a placement despite challenges resulting from COVID-19.

In March, with the UK in lockdown and the majority of students having returned home, we moved quickly to enable the delivery of teaching and assessments on-line and it is a testament to our staff how well this transition was implemented. This was supported by investment in our digital infrastructure and this will continue as the University accelerates the implementation of our Digital strategy. Our work continues to ensure that we maintain our high quality education experience through blended learning.

We have continued to demonstrate our commitment to research excellence by establishing and investing in four University Research Institutes during 2018/19. This, along with our focus on collaborative research with high translation and impact, has seen us continue to grow our research to £30 million in new research grants, our best result to date. We continue to support both businesses and the region through our research, specifically focusing on the impact of COVID-19 and lockdown on society.

During the pandemic the University has worked with a number of our beneficiaries, providing accommodation and PPE for key workers, as well as donating food to local charities and running a foodbank in connection with Aston Students' Union.

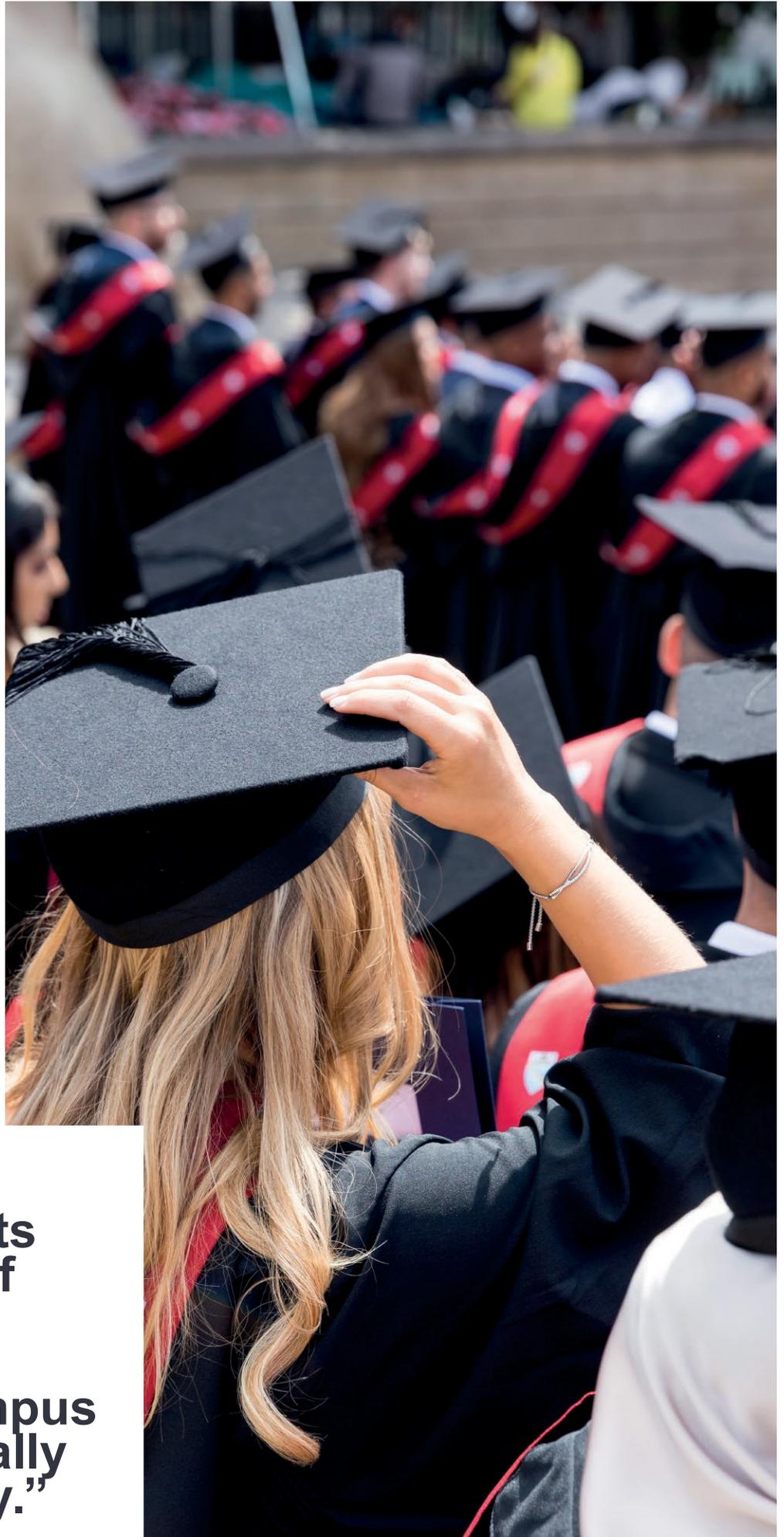
Our financial performance in 2019/20 has been good despite the challenges to our commercial operations and delivery of research that arose as a result of lockdown. We have continued to invest in our campus provision with an increase in student study space, updates to teaching rooms and investment in research.

Looking forward, we continue to work to ensure that Aston University is as safe as possible for all our beneficiaries and staff as we welcome students back on campus for the coming academic year.

A handwritten signature in black ink that reads "Alec Cameron". The signature is written in a cursive style with a horizontal line at the end.

About Aston University

- Founded in 1895 and a University since April 1966
- Exceptional teaching informed by leading research
- A reputation for research that makes a difference to society
- 83.7% overall satisfaction in the 2020 National Student Survey (NSS)
- Ranked 31st for students achieving an upper second class degree or higher in the Complete University Guide (2021)
- Ranked 11th for student continuation in the Guardian University Guide (2021)
- Aston is 24th in the UK for value-added (Guardian University Guide, 2021)
- Aston is 43rd in the UK (Complete University Guide 2021)
- A green, 60-acre, self-contained campus located in the centre of Birmingham



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



A University for opportunity

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

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

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

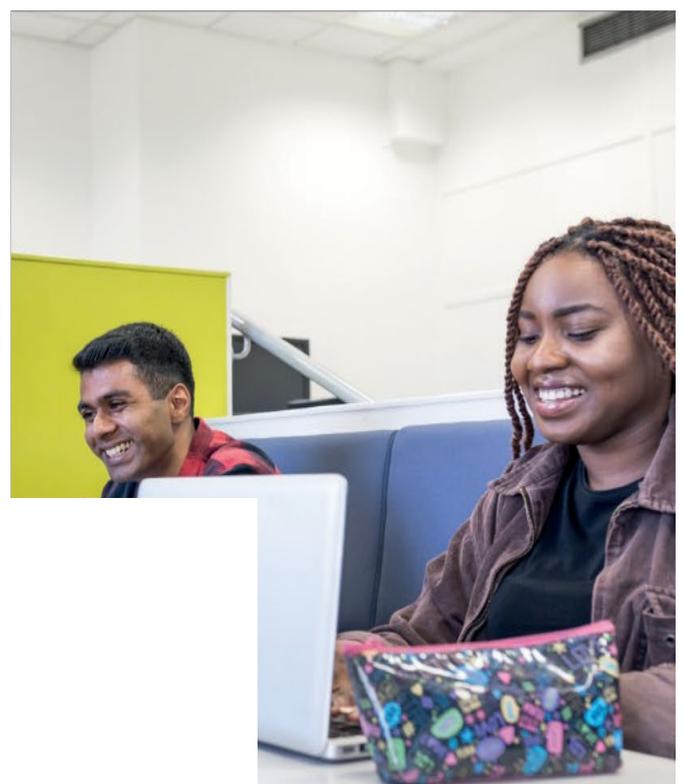
We create self-confident, global citizens able to shape the businesses and communities of tomorrow, and to support exceptional graduate employability.

Excellence in teaching

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

We are a leading university for graduate employment success. Placements are integrated into our degree programmes meaning students develop essential work skills, build industry connections and a professional profile.

**Awarded TEF Gold
by the Teaching
Excellence Framework
in June 2017,**
**we deliver an
outstanding education
to our diverse student
body and are a leading
provider of degree
apprenticeships.**



78%

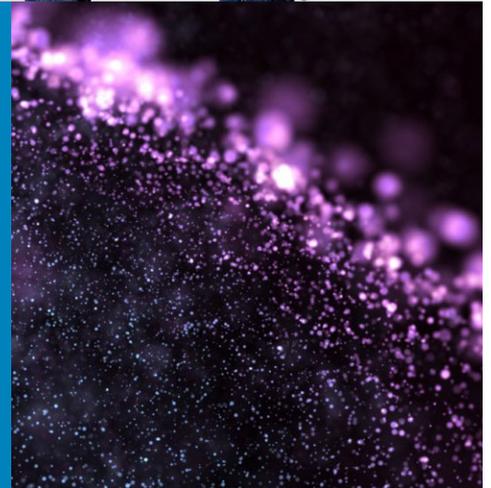
of research
deemed World
Leading or
Internationally
Excellent in the
REF 2014



Aston is a Member
of Midlands
Innovation



**Our research transforms
lives through real world
applications, making a
substantial and beneficial
difference to people,
organisations and society.**



**EXCELLENT
RESEARCH
PERFORMANCE**

Academic Colleges and Schools

The three Colleges are our internal structures and the Schools within the new Colleges are our externally-facing brands.

College of Business and Social Sciences (BSS)

- Aston Business School (ABS)
- Aston Law School (ALS)
- Social Sciences and Humanities (SSH)

College of Health and Life Sciences (HLS)

- School of Biosciences
- School of Pharmacy
- School of Optometry
- Aston Medical School
- School of Psychology

College of Engineering and Physical Sciences (EPS)

- Informatics and Digital Engineering
- Infrastructure and Sustainable Engineering
- Engineering and Technology

Research

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

Research areas include: international business; entrepreneurship and small business growth; forensic linguistics; European politics; healthy ageing; cell and molecular biomedical science; optometry; perception, cognition and neuroscience; energy and sustainability; photonics; logistics and supply chain management; STEM education and systems analytics.

Under our Research Strategy 2018-2023, we have made major investments in four University Research Institutes: The Aston Institute for Photonic Technologies (AIPT); The European Bioenergy Research Institute

(EBRI); The Aston Neuroscience Institute (ANI); The Institute for Forensic Linguistics (IFL).

Partnerships and business engagement

We pride ourselves in building strong relationships with business, professional and public sector organisations through placements, collaborative research and consultancy. Collaborative funding schemes include Knowledge Transfer Partnerships and European Commission funding, and partnership activities deliver real benefits to SMEs in the West Midlands through graduate placements and graduate entrepreneurship BSEEN (Birmingham Skills for Enterprise and Employability Network).

International

Increasing our international research collaborations and establishing joint international research centres, builds our international reputation for research excellence.

By continuing to increase the numbers of leading international researchers, we are building a diverse international community.

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

People and values

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

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

We seek to eliminate discrimination and positively promote equality and diversity. Our policies aim to ensure fair and

consistent employment practices for staff; fair admissions, teaching, learning and assessment processes for students and a positive working environment that promotes dignity and respect for all.

Infrastructure - a sustainable, integrated campus

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

- The campus houses student accommodation, the Library, Careers and Employability Centre and health and welfare facilities
- Extensive IT facilities offer 24 hour access and WiFi access
- A wide choice of places to eat and socialise
- Great sports facilities include two large sports halls, a 100 station gym, 25m swimming pool, aerobics rooms, squash courts and all-weather floodlit sports pitches.
- A new, sustainable Students' Union building built in 2019.

Operating and Financial Review

Aims and Objectives

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

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

Public Benefit Statement

Aston University received its Royal Charter from Queen Elizabeth II on 22 April 1966 and is an exempt charity under the terms of Charities Act 2011.

The University is regulated by the Office for Students as the principal regulator of English higher education institutions in accordance with the section 4(5) of the Education and Research Act 2017. The members of Council are the trustees of the charity.

As a charity, the University is required to operate for the public benefit. In setting and reviewing the University's strategy and activities, the Council has had due regard to the Charity Commission's guidance on public benefit.

Public benefit is embedded in the Aston Strategy 2018 to 2023 which is structured around understanding and meeting the needs of our major beneficiaries: students, external organisations (businesses, public entities, the not-for-profit sector, and the professions) and Birmingham and the West Midlands region. We believe that if we understand and meet the needs of our beneficiaries, our future success will be well-assured.

Our focus is on creating educational opportunities for the students of our region, regardless of their background, with 95% of our students being state educated. The University undertakes outreach work with local schools and colleges in order to encourage

participation from all those with potential to benefit from higher education.

Our location in the centre of Birmingham, is important to us and our commitment to the region is at heart of our strategy and our campus mirrors the diversity of our city. Employability is embedded into our curricula with 70% of students taking a placement year in industry and nearly half of Aston graduates go on to live and work in the region, helping to give back and to close the skills gap within our region whilst supporting local businesses.

The Future

The University is operating in an increasingly pressurised environment. This includes dealing with the on-going impact of Covid-19, Brexit, increasing competition nationally and globally, changes in government policy on funding, the impact of pension scheme valuations, key demographic changes and developments in technology changing teaching and learning.

Our focus remains on the outcomes for our three major beneficiaries and using our strengths to deliver these and consolidate our strong position in the sector.

Student recruitment growth will remain under pressure due to uncertainties around international travel and Brexit, although the UK demographic position will begin to improve in respect of the number of 18-year-olds entering higher education. A core element of the University has always been to deliver an outstanding and fulfilling educational experience to our students and we will continue to ensure that they are well equipped to succeed in life and highly skilled in their discipline demonstrated by high levels of employability after graduation. To achieve this we will maintain our investment in our student experience and in a high quality learning environment.

Our relationship with businesses, professions and the region remains strongly at the centre

of what we do, as it has since our inception in 1895. We seek to further our links with businesses to ensure that we produce graduates with the skills they require to grow. We also look to ensure that business and the professions continue to benefit from our translation research and knowledge exchange activities.

We will continue to build our reputation for supporting students, through widening participation, to gain the benefits of degrees at Aston and social mobility which this experience will bring.

Our reputation for transformational research continues to grow and we continue to build on our excellent record of gaining grants to enhance the economy and improve the quality of life in the region and beyond.

Increasingly our activities have a global reach. We have more than 120 countries represented on campus and we will take advantage of this to expand our reach and build partnerships globally.

Our strategy ensures that Aston performs well in the sustainability of its infrastructure and that we continue to evolve to meet the demands of the changing external environment.

Financial Summary

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

The underlying strength of the University continues to hold up in a year that has been dominated by a global pandemic. Despite the challenging circumstances income has increased by 5% to £165.2m. Key driver of this result is an increasing student population, with a more favourable programme mix. This helped offset the reduction in income of commercial operations within the University as

a result of the lockdown.

Costs have increased by 4% to £162.2m driven by investment in people and resources in order to deliver exceptional teaching and research. This is before adjustments to cost relating to the movement in USS pension provision and asset impairments. There have been additional costs, although minimal, incurred in the year to make the University Covid-secure and it is anticipated that there will be further costs going forward.

The operating profit before taxation was £25.7m. This was driven by a reduction of the University's USS pension liability of £22.8m following the finalisation of the 2018 valuation which reversed an element of the increase in the provision seen in the prior year. The underlying surplus – that before pension liability movements and fixed asset impairments - was £2.9m (1.8% of income), an increase of £1.4m from prior year. This was largely as a result of an increase in student numbers.

Cash increased by £20.1m in the year.

Overall, and after cash payments of £13.6m in improving our estate and facilities, the University ended the year with a cash and investments balance of £72.6m. During the year the University drew down £15m of the £40m HSBC facility, arranged in 2018-19, to support the implementation of the Aston Strategy.

Student Population

The overall number of students continues to increase year on year with the total population around 14,600 students in 2019-20, 87.0% of students studying at undergraduate level and 13.0% at postgraduate level. Home and EU students represent 85.8% of the population with the remainder coming from the overseas market.

Tuition & Funding Council Income

Tuition fee income has increased by 7.6%, reflecting a positive recruitment cycle, particularly in the overseas post-graduate market. Funding Council income has increased by 10.9% from 2018-19.

Research Income

Research income relating to 2019-20 has stayed in line with the prior year at £17.1m (2018-19: £17.1m). Despite our best achievement to date with awards of research grants, the national lockdown impacted on our ability to start some of the grants, thereby reducing the income recognised in the year. The University continues to invest in research capability including additional staff members, complementary skill sets and research facilities.

Other Income

Other operating income was £11.8m which is a reduction of £2.2m compared to 2018-19. Catering, sport, nursery and conference income, which make up the large majority of other operating income, all saw a loss of income due to the lockdown. Despite re-opening before the year end it is expected that income will continue to be impacted due to social distancing measures restricting the occupancy allowed.

Staff Costs

Aston continues to invest in its academic and research capacity in support of the delivery of its 2018 to 2023 Strategy.

Staff costs (excluding the movement on USS provision in each year) increased by 6.7% to £101.9m, largely attributable to the ongoing investment in academic posts.

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the University to disclose certain metrics detailing the provision of paid or unpaid time off from an employee's normal role to undertake trade union duties and activities. The University had ten full time equivalent employees who spent 1 to 50% of their time on trade union duties and activities, of which no time was spent on paid trade union activity. This represents 0.06% of total pay bill (£59k of £101.9m).

Pensions

University employees are eligible to join one of two main pension schemes: the Universities Superannuation Scheme (USS) and Scottish Widow Pension Scheme (SWPS). USS is an independent defined benefit national scheme run principally for the benefit of higher education institutions and SWPS is a defined contribution scheme for Aston University employees. The University has previously closed the Aston University Pension Scheme (AUPS), a defined benefit scheme for employees sponsored by the University, to future accrual and replaced it with the SWPS. The 2017 valuation of USS was completed during 2018-19 and resulted in a recovery plan requiring employees to contribute 5.0% of salaries toward repairing the deficit over 17 years. The 2018 actuarial valuation of the USS was finalised in 2019-20 and the deficit contribution rates for employees changed to 2% until October 2021 and then 6% until April 2028.

Subsequently, the USS provision decreased to £28.5m (2018-19: £50.5m). Further information can be found in the financial statements, notes 23 and 26.

SWPS is a defined contribution scheme set up to replace AUPS. Aston University matches contributions made by the employee.

Aston University Pension Scheme (AUPS) is a career average scheme and the University will

continue to take advice and consult with trustees about measures to ensure the scheme's funding position.

The AUPS deficit reported under FRS 102 has increased to £12.8m (2018-19: £9.7m) after the annual actuarial review. This is predominantly due to reduced bond yields resulting in a lower discount rate, offset to an extent by lower inflation expectations, contributions from the University and increases in the value of scheme investments. Further information can be found in the financial statements, notes 23 and 26.

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

Capital Expenditure

The University continues to invest in its digital infrastructure and estate in order to modernise and extend its facilities for high quality teaching and research with net expenditure of £14.2m during the year.

Due to lockdown the requirement to improve the digital infrastructure and significant efforts were made to ensure all staff had a laptop and that the virtual infrastructure was able to cope with the increased use. Other projects in 2019-20 included significant projects to improve teaching spaces, and a number of large infrastructure improvement schemes. Due to the uncertainty surrounding how long the impact of Covid-19 will last the capital expenditure programme over the next couple of years will primarily focus on investment in the digital infrastructure and student spaces.

Balance Sheet

The University Group continues to maintain a healthy balance sheet with total net assets of £113.4m. As required under FRS102, our

balance sheet includes provisions of £41.4m relating to the University's share of the USS pension scheme deficit and the AUPS pension scheme. The University has long term bank loans outstanding of £43.1m.

Scope of the Financial Statements

The Financial Statements for the year ended 31 July 2020 comprise the results of the University and its operating subsidiaries:

- Conference Aston Limited (Company number 04091112), which manages the University's conference facilities and associated activities; and
- Aston Franchise Limited (Company number 12166868), which was set up to manage a franchise agreement ('Little Kickers') which has subsequently ceased trading.

Aston Franchise Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts. Aston University intends to provide a parental guarantee which will be effected by delivering the s479C statement to Companies House. The Financial Statements exclude the finance results of the independently managed Students' Union. The Students' Union is a separately registered charity which was registered with the Charities Commission in October 2011.

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

Corporate Governance Statement

The University is committed to exhibiting best practice in all aspects of corporate governance. The Statement of Corporate Governance relates to the period covered by the audited financial statements and the period up to the date of approval of the audited financial statements.

The University Council operates in accordance with the Committee of University Chairs' (CUC) Higher Education Code of Governance (2018 Revision) and the CUC's Higher Education Senior Staff Remuneration Code; and the OfS regulatory framework including its terms and conditions of funding for HE institutions and its audit code of practice. This includes a comprehensive risk assessment and management process which is now firmly established and monitored by the Audit and Risk Committee on behalf of Council.

The Council has agreed Operational Guidelines which aim "to ensure that the Council conducts itself in accordance with accepted standards of behaviour in public life, embracing selflessness, integrity, objectivity, accountability, openness, honesty and leadership." None of the independent members receive payment for the work they do for the University, but may claim reimbursement of reasonable expenses. A Register of Interests of all Council members is retained by the Director of Governance and Secretary to Council.

The University Ethics Framework, approved by Council, reflects Aston's commitment to high ethical standards and regulatory compliance, and sets out the broad range of regulations, policies and practices which govern its relationships with our beneficiaries, colleagues, partners, suppliers and other stakeholders. The terms of reference of the Audit and Risk Committee (ARC) include the provision of assurance to Council on the effectiveness of the oversight and operation of

the University's Ethics Framework. The Committee received a report on Ethics Framework Metrics for 2019 and noted that no significant ethical breaches had been recorded at Aston in recent years. The Committee also received the Annual Modern Slavery Act Statement for 2019/20 and noted the University's continued commitment to recognised good practice in the delivery of its obligations under the Modern Slavery Act 2015.

The Council has taken due regard of the CUC HE Senior Staff Remuneration Code and the CUC's 'Guidance on decisions taken about severance payments in HEIs'.

The Annual Report of the Nominations and Remuneration Committee (NRC) follows the structure recommended by the CUC. The disclosures with regard to remuneration in the financial statements have been enhanced and comply with the guidance issued by the CUC.

Governance Structure

The University is an exempt charity as defined by the Charities Act 2011 and members of its Council are therefore trustees of the charity. The OfS acts as principal regulator in respect of the University's status as a charity, with a duty to promote its compliance with charity legislation.

The University's Charter, Statutes and Ordinances set out the arrangements for the governance and management of the institution. The Charter and Statutes require the University to have three separate bodies, each with clearly defined powers and responsibilities, to oversee and manage its activities: Council, Senate and the Convocation.

Council

As the University's governing body the primary responsibilities of Council are:

- To approve the mission and strategic vision of the University, long-term business plans,

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

For the full set of Council's powers and responsibilities refer to:

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

Council currently has 15 members with a majority of independent members (currently nine), six internal members (the Vice-Chancellor and Chief Executive, the Provost and Deputy Vice-Chancellor, Chief Operating Officer, two staff representatives and one student representative) appointed in accordance with the Statutes. The Pro-Chancellor and Chair of the University Council is one of the independent members.

Independent members serve for a three-year term, which may be extended for a further three-year term, and exceptionally for a third term. The matters specifically reserved to the Council for decision are determined by the Statutes of the University and by the OfS regulatory framework, and its terms and conditions of funding for HE institutions. Council normally meets five times per year and, in addition, members of the Council and

the Executive attend an annual strategy away day, focusing on the development and implementation of strategy.

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

The Council has approved a Scheme of Delegation which takes account of guidance from the CUC on appropriate delegation. The Scheme of Delegation identifies the powers and responsibilities of Council and the delegations, primarily to the Executive, the Senate and Council's Committees.

In accordance with the CUC Higher Education Code of Governance, Council keeps its effectiveness under regular review. The Council had commissioned an external effectiveness review, which was conducted by Shakespeare-Martineau, and its Report was received by Council in January 2020. The Council was pleased to note that the Report had not identified any major shortcomings in governance or the effectiveness of Council and its committees. It indicated that governance of the University had improved considerably in recent years; interviewees spoke of governance being "on a journey", accelerated by the changes to the membership of Council in 2017 and the arrival of the new Vice-Chancellor and the current Pro-Chancellor and Chair of Council. Governance was generally compliant in terms of current sector guidance, and examples of good practice had been identified. The Report identified a number of areas in which the effectiveness of Council and its subcommittees could be increased going forward: i) to develop the Council's work and oversight of the adoption of the Aston Strategy 2018-2023; ii) to ensure compliance with the new HE regulatory framework and the requirements of the Office for Students as regulator, and with

current governance best practice; iii) to enhance the Council's oversight of academic governance, including stronger links with the Senate and the Schools. The report also included an appendix containing "housekeeping" recommendations designed to ensure that there was a good flow of information, clarity of role and effective communication throughout Council's activities and its dealings with the Executive, Senate and the wider staff and student community, so that members were in a position to offer robust and informed challenge and support. Council asked the Nominations and Remuneration Committee to develop a prioritised action plan for taking forward the recommendations which will be implemented during 2020/21.

Senate and Academic Governance

Senate is the principal academic body of the University. It is responsible for overseeing the quality and standards of all teaching and learning carried out at Aston, as well as for all research activities. With over 50 members, including Pro-Vice-Chancellors and Executive Deans, other academic and professional staff, and student representatives, Senate is chaired by the Vice-Chancellor and meets three times a year. Senate has several committees including Learning and Teaching Committee, Research Committee, and International Strategy Committee and delegates powers to these bodies as required.

The Senate's Annual Report to Council 2019 provided a range of evidence, both internal and external, to support its recommendation to Council that the University has in place effective systems and processes for ensuring that the University is meeting those of its conditions of registration as an HE provider relating to academic quality, reliable standards and positive outcomes for all students. The University takes the effectiveness of its academic governance very seriously, and

expects all staff to take responsibility for ensuring these standards and to adopt a continuous improvement ethos. This is overseen by the Senate, the Learning and Teaching Committee and its sub-committees, and the Graduate School Management Committee, and includes the involvement of students and external beneficiaries such as employers, businesses, other organisations and PSRBs.

The Council has appointed Professor Gill Nicholls, in the role of independent HE Advisor, who will, in future, provide for Council independent scrutiny of the evidence base for the assurance provided by the Senate.

The Council has agreed the scope, methodology and timescale for an externally chaired effectiveness review of Senate and its sub-committees to report to Senate and Council in November 2020. Such a review had been recommended in the report of the Council's effectiveness undertaken last year by Shakespeare-Martineau. Professor Nicholls was consulted and provided advice on the scoping document.

Convocation

The Convocation is a largely formal body through which the University maintains contact with the wider community. It offers a means through which the wider interests served by the University can be associated with the institution, and provides a forum through Convocation members can raise any matters about the University. The Convocation is chaired by Aston's Chancellor, Sir John Sunderland. It meets annually and its membership includes the University Council, Officers, academic staff, representatives of Students' Union and Aston alumni, together with representatives of a wide range of external bodies. The Convocation appoints the Chancellor on the joint recommendation of the Council and the Senate. The Convocation typically receives presentations on the work of

the University.

Committees of the University Council

Much of the work of Council is undertaken under delegated authority by its Committees, which are all formally constituted with terms of reference. The Committees comprise entirely independent members of Council or independent co-opted members; and members of staff and students attend Committee meetings only by invitation. The principal functions of each of these committees is set out below:

Finance and Infrastructure Committee (FIC) considers and makes recommendations to Council on the strategies and policies for the effective and efficient use of the University's financial and physical resources, and is responsible to Council for ensuring the solvency of the University and the safeguarding of its assets. It recommends to Council the University's annual revenue and capital budgets; reviews the costs, risks and benefits associated with major capital projects; and monitors performance in respect of operations and delivery of major capital projects.

Audit and Risk Committee (ARC) considers detailed reports on the adequacy and effectiveness of the University's arrangements for risk management, control and governance; economy, efficiency and effectiveness (VFM); and management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), OfS and other bodies. It also receives and considers reports from funding agencies (eg OfS) as they affect the University's business, and monitors adherence with any regulatory requirements. ARC has responsibility for the recommendation of the Annual Financial Statements to Council.

Nominations and Remuneration Committee (NRC) advises Council and makes recommendations on the efficiency and

effectiveness of corporate governance arrangements; and on the appointment of independent members of Council and its Committees; oversees the University's Executive remuneration strategy, policy and approvals processes; and oversees matters relating to staff employment, including the Aston People Strategy.

NRC is chaired by an independent member of Council other than the Pro-Chancellor and Chair of Council.

The Vice-Chancellor's performance objectives are agreed each year with the Pro-Chancellor and Chair of Council and endorsed by the NRC. NRC ensures that senior remuneration is set within the financial constraints of the University and seeks to ensure value for money by making use of established independent benchmark reward data for roles in comparable organisations and wider sectors. It also reviews senior remuneration policy and practice meets statutory equality requirements.

Executive

The Vice-Chancellor and Chief Executive is supported by the University Executive, which meets on a fortnightly basis. The Provost and Deputy Vice-Chancellor and Deputy Vice-Chancellor (Engagement) both assist the Vice-Chancellor in the management of the University and act as their deputy. The Pro-Vice-Chancellors (PVC) are senior appointees who assist the Vice-Chancellor in specific areas of academic development (Research and Education) including the delivery of the institutional strategic objectives. During the year the academic activity of the University has transitioned from being organised in five academic Schools into three academic Colleges. The Colleges are each led by a Pro-Vice Chancellor and Executive Dean, who is also a member of the Executive. The other members of the Executive are the Chief Operating Officer, Executive Director of

Humber Resources and Organisational Design, Executive Director of Business Engagement and Executive Director of Campaigns.

The Executive has established three sub-committees Executive Academic Group (EAG), Executive Engagement Group (EEG) and Operations Group (EOG) each chaired by members of the Executive. These sub-committees meet monthly to look at operational issues within their areas of responsibility. All statutory returns, Internal Audit reports and other operational issues are reviewed and agreed by the EOG.

The Executive supports the Vice-Chancellor and Chief Executive in providing strategic leadership and management to ensure that Aston remains a financially and academically successful institution, operating in accordance with the strategic goals, policies and processes approved by Council and Senate.

Internal Control

The Council is responsible for the University's system of internal control which supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible. 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 provision of a robust and effective control environment, is underpinned by an effective Audit and Risk Committee with regular reporting to Council, whose responsibilities include monitoring and review of the risk register and the internal control environment. ARC regularly receives reports from the Executive on internal controls and issues as they arise, along with oversight of action plans to ensure effective corrective actions are taken where internal control or audit improvements have been identified. The Committee receives

reports from the University's Internal Auditors (currently PwC) whose annual programme is approved by the Committee and whose lead auditor provides the Committee with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of internal control, including internal financial control. The Committee also receives comments made by the external auditors (currently BDO) in their management letter and other reports.

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

Financial Control

Council is charged with taking reasonable steps to:

- 1) ensure that public funds (e.g. from OfS, UK Research and Innovation, and the EU) are used only for the purposes for which they have been given and in accordance with any conditions and requirements specified by funding bodies;
- 2) 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;
- 3) secure the economical, efficient and effective management of the University's resources and expenditure.

In order to help achieve the above, the Finance and Infrastructure Committee (FIC) has approved Finance and Governance Regulations detailing financial controls and procedures, as well as processes for risk management, procurement, prevention of corruption, fraud and bribery, management of

conflicts of interest, procedures to prevent tax evasion and ensure compliance with data, privacy and information laws. The University has clearly defined and formalised requirements for approval and control of expenditure including decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council. The regulations and procedures are approved and subject to regular review by the FIC. The effectiveness of the regulations and procedures is periodically reviewed by the ARC.

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 established a comprehensive long-, medium- and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets. A set of key performance indicators (KPIs) are reviewed by the Executive Team and Council on a six-monthly basis, together with associated action plans to address KPIs which are below target or moving in the wrong direction. The KPIs encompass student success measures together with financial and non-financial indicators which include monitoring of research activity, results of staff and student surveys and assessment of the University estate.

The Council, through its designated accountable officer (the Vice-Chancellor and Chief Executive), is required to approve financial statements for each financial year which give a true and fair view of the University's state of affairs and of the surplus or deficit and cash flows for that year.

The University has comprehensive personnel policies including all phases of employment, and all aspects of equality and diversity, speak-up (whistle-blowing), grievances and

harassment and appropriate procedures for the appointment of the Vice-Chancellor and other senior officers and for monitoring their performance, including the NRC which inter alia oversees the remuneration arrangements for senior staff.

In order to provide assurance that the above process is operating effectively, internal auditors undertake an annual review of elements of the University's procedures for governance and risk management, as well as the underlying control and monitoring processes. ARC regularly seeks advice from the internal and external auditors to improve its internal controls and performance, and to adopt best current practice.

Risk Management

The University operates a strategic risk assessment and management process, including academic risk, which informs a risk register and risk appetite statement, and is now firmly established and 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. Risks are evaluated on an assessment of the likelihood and the potential impact if the risk was to arise. Mitigations and sources of assurance are considered for all risks and the internal control processes revised to account for such risks.

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

The Audit and Risk 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.

There has been increased scrutiny by ARC of the strategic risks and the procedures and controls to manage them in the light of Covid-19. All risks have been updated to reflect any additional impact as a result of the pandemic. The University has demonstrated through its response to Covid-19 that its procedures and controls are effective at managing risk. In order to provide assurance that the above process is operating effectively, Internal Audit undertakes an annual review of elements of the University's procedures for governance and risk management, and its arrangements to promote value for money, as well as the underlying control and monitoring processes. The Internal Audit Annual Report 2019-20 concluded that overall, the system of internal control is generally satisfactory with some improvements required. Governance, risk management and control, and value for money arrangements in relation to business critical areas is generally satisfactory.

Accounting Basis

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

Going Concern

The Council has considered the University's academic and financial position, with due regard to its cash flows, liquidity and borrowings and the factors likely to impact on future expectations as included in the Operating and Financial review above. The University adopts a cautious approach to financial risk management. Funds are placed

in low risk deposit accounts. While this limits the amount of return available, it does not expose these essential funds to undue risk.

Council believe that the University is well placed to manage its business risk successfully, despite the current uncertain economic outlook and student recruitment pressures facing the higher education sector and will continue to seek ways to drive efficiencies. Any risk to cash-flow will result in the capital plans being reviewed and amendment as required.

Management have completed a thorough assessment of the appropriateness of the going concern assertion. This has included consideration of a number of budget scenarios for 2020/21 in light of Covid-19 and the impact of these scenarios and capital plans on cash balances, with these scenarios being extrapolated through five-year plans. Prudent assumptions have been applied, and the capital plan has been re-phased to ensure cash balances are maintained through 2021/22 and beyond.

The University has drawn-down £15m of the agreed HSBC facility, and can draw-down the remaining £25m balance on demand, as such at budget level available funds are not expected to fall below £60m. The start to 2020/21 has been positive, and activity has been reforecast accordingly. At both budget and forecast level the University plans to meet all debt covenant obligations with significant flexibility in these measures.

The University has strong cash balances, uses prudent revenue and cost assumptions in forecasting, has reasonable levels of discretionary revenue and capital expenditure and forecasts compliance with debt covenants.

As such, Council 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.

The Council Membership during 2019-20*Key for Council Committees*

ARC	Audit and Risk Committee
FIC	Finance and Infrastructure Committee
NRC	Nominations and Remuneration

Ex-Officio

Dame Yve Buckland DBE, Pro-Chancellor and Chair of the Council, member of NRC

Professor Alec Cameron, Vice-Chancellor and Chief Executive

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

Mr Neil Scott, Chief Operating Officer

Independent - Appointed

Ranjit Dhindsa, member of ARC

Dr Melanie Gibbs, member of ARC

Toby Lewis, Chair of ARC

Dr Kevin Morley, member of FIC (until 31st July 2020)

Dr Sue Noffke, member of NRC

Dr Rob Perrins, Chair of FIC

Dr Vij Randeniya, Chair of NRC

Dr Jason Wouhra, OBE, member of FIC (from 1st August 2020)

Dr Mike Wright, Deputy Chair of Council and member of FIC

Internal - Elected

Professor Kate Sugden (Staff Representative until 31 July 2020)

Dr Fiona Lacey (Staff Representative until 31 July 2020)

Gabrielle Gallagher (Student Representative until 31 July 2020)

Harry Sheppard (Student Representative from 1 August 2020)

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

Council Members responsibilities in respect of the financial statements:

In the preparation of the Financial Statements the Council has ensured that:

- Suitable accounting policies are selected and applied consistently;
- Judgments and accounting 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
- The financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- Ensure that the funds from the Office For Students, Research England and the Education and Skills Funding Agency are used only for the purposes for which they have been given, in accordance with the terms and conditions of OfS funding and Research England grant, and with the funding agreements with the Education and Skills Funding Agency;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- Safeguard the assets of the University and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF ASTON UNIVERSITY

Opinion

We have audited the financial statements of Aston University ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2020 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2020 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the group's and the University's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information including the Key Highlights, the Operating and Financial Review and the Corporate Governance Statement and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent

material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters required by the Office for Students (“OfS”) and Research England

In our opinion, in all material respects:

- Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions
- The requirements of the OfS’s Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- The University’s grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The University’s expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of Council

As explained more fully in the Council’s responsibilities statement set out on page 22, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determine is necessary to enable the

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements

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

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

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

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

Use of our report

This report is made solely to the University Council, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. Our audit work has been undertaken so that we might state to the University's Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Kyla Bellingall (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Birmingham

30 November 2020

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

Statement of principal accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets).

Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2020. The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income and Expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation. Associated companies and joint ventures are accounted for using the fair value method.

The consolidated financial statements do not include the income and expenditure of Aston Students' Union or Aston University Engineering Academy as the University does not exert control or dominant influence over the policy decisions for these entities.

Going Concern

The Council has considered the University's academic and financial position, with due regard to its cash flows, liquidity and borrowings and the factors likely to impact on future expectations as included in the Operating and Financial review above.

The University adopts a cautious approach to financial risk management. Funds are placed in low risk deposit accounts. While this limits the amount of return available, it does not expose these essential funds to undue risk.

Council believe that the University is well placed to manage its business risk successfully, despite the current uncertain economic outlook and student recruitment pressures facing the higher education sector and will continue to seek ways to drive efficiencies. Any risk to cash-flow will result in the capital plans being reviewed and amendment as required.

Management have completed a thorough assessment of the appropriateness of the going concern assertion. This has included consideration of a number of budget scenarios for 2020/21 in light of Covid-19 and the impact of these scenarios and capital plans on cash balances, with these scenarios being extrapolated through five-year plans. Prudent assumptions have been applied, and the capital plan has been re-phased to ensure cash balances are maintained through 2021/22 and beyond.

The University has drawn-down £15m of the agreed HSBC facility, and can draw-down the remaining £25m balance on demand, as such at budget level available funds are not expected to fall below £60m. The start to 2020/21 has been positive, and activity has been reforecast accordingly. At both budget and forecast level the University plans to meet all debt covenant obligations with significant flexibility in these measures.

Statement of principal accounting policies (continued)

Going Concern (continued)

The University has strong cash balances, uses prudent revenue and cost assumptions in forecasting, has reasonable levels of discretionary revenue and capital expenditure and forecasts compliance with debt covenants.

As such, Council 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.

Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Tuition Fee Income

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships which are not offered as a deduction on fees are accounted for gross as expenditure and not deducted from income.

Investment income

Investment income is credited to the Consolidated Statement of Comprehensive Income and Expenditure on a receivable basis.

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

Grant funding

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

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

Donations and endowments

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

Statement of principal accounting policies (continued)

Income recognition (continued)

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

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

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

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

Capital Grants

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

Accounting for retirement benefits

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), Scottish Widows Pension Scheme (SWPS) and Aston University Pension Scheme (AUPS). AUPS is now a closed scheme to new entrants and future accrual and all existing members now have deferred benefits.

AUPS is a defined benefit scheme which was externally funded and for the period up to 5 April 2016 was contracted out of the State Second Pension (S2P). From 6 April 2016, contracting out ceased with the introduction of the Government's new state pension. The fund is valued every three years by professionally qualified independent actuaries. The last formal valuation of the Scheme was carried out as at 31 March 2019.

USS is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Statement of Comprehensive Income and Expenditure.

Statement of principal accounting policies (continued)

Accounting for retirement benefits (continued)

SWPS is a defined contribution plan, a post-employment benefit plan under which the University pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income and Expenditure in the year during which services are rendered by employees.

Further details on all pension schemes are disclosed in note 26.

Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits, such as holiday entitlements earned but not taken at the balance sheet date, are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

Finance leases

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

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

Operating leases

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

Foreign currency translation

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

Statement of principal accounting policies (continued)

Fixed assets

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

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

Land and buildings

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

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

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

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

Plant & machinery, fixtures, fittings & equipment, and intangible assets

Capitalisation: Items costing less than £10,000 per individual item (where not part of a larger capital project) is recognised as expenditure in the year of acquisition. All other items are capitalised at cost.

Depreciation and amortisation: Capitalised plant & machinery, fixtures, fittings & equipment, and intangible assets are depreciated/amortised on a straight line basis over their useful economic life as follows:

Major Systems and Equipment	5 – 10 years
Computer Equipment and Software	3 – 5 years
Equipment acquired for specific research projects	1 – 5 years
Motor Vehicles and General Equipment	3 – 5 years

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

Borrowing costs

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

Heritage assets

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

Statement of principal accounting policies (continued)

Investments

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

Current asset investments are held on the Balance Sheet at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure.

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

Stock

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

Cash and Cash Equivalents

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

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

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

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

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

Taxation

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

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

Statement of principal accounting policies (continued)

Taxation (continued)

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

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

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Significant judgements and estimates

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

Aston University Pension Scheme (AUPS)

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

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

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

Universities Superannuation Scheme (USS)

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements.

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

Statement of principal accounting policies (continued)

Significant judgements and estimates (continued)

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

Impairment of assets

There are two key areas that require judgement:

- the recoverability of aged trade receivables based on the knowledge of the individuals or market. Where conditions suggest the full recoverability is doubtful, a provision will be recognised; and
- judgements as to whether any indicators of impairment are present for any of the University's assets.

Neither of these judgement areas have resulted in a significant change to the University's reported performance.

Consolidated Statement of Comprehensive Income and Expenditure

For the year ended 31 July 2020

	Notes	Year ended 31 July 2020		Year ended 31 July 2019	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	117,149	117,149	108,914	108,914
Funding body grants	2	18,618	18,618	16,782	16,782
Research grants and contracts	3	17,088	17,088	17,101	17,101
Other operating income	5	11,806	10,003	14,047	10,899
Investment income	6	194	194	233	233
Total income before endowments and donations		164,855	163,052	157,077	153,929
Donations and endowments	7	340	340	370	370
Total income		165,195	163,392	157,447	154,299
Expenditure					
Staff costs before USS pension provision	8	101,935	101,016	95,575	94,581
(Decrease)/Increase in USS pension provision	8	(22,781)	(22,781)	32,270	32,270
Other operating expenses before impairment		46,896	45,533	47,512	45,592
Impairment of fixed assets		-	-	10,749	10,749
Depreciation and amortisation	13	10,995	10,977	10,902	10,888
Interest and other finance costs	9	2,423	2,423	1,889	1,846
Total expenditure before pension provision and fixed asset impairments	10	139,468	137,168	198,897	195,926
Surplus/(deficit) before other gains and losses		25,727	26,224	(41,450)	(41,627)
Effect of USS pension provision and impairment of fixed assets		(22,781)	(22,781)	43,019	43,019
Surplus before USS pension provision, fixed asset impairments and other gains and losses		2,946	3,443	1,569	1,392
(Loss)/gain on disposal of fixed assets		(8)	(8)	7	7
Gain on investments		12	12	90	90
Surplus/(deficit) before tax		25,731	26,228	(41,353)	(41,530)
Taxation	12	100	(15)	(2)	-
Surplus/(deficit) for the year		25,831	26,213	(41,355)	(41,530)
Actuarial loss in respect of pension schemes	26	(4,495)	(4,495)	(9,800)	(9,800)
Total comprehensive income/(loss) for the year		21,336	21,718	(51,155)	(51,330)
Represented by:					
Endowment comprehensive (loss)/income for the year	24	(235)	(235)	24	24
Restricted comprehensive loss for the year	25	(1,021)	(1,021)	(325)	(325)
Unrestricted comprehensive income/(loss) for the year		22,592	22,974	(50,854)	(51,029)
		21,336	21,718	(51,155)	(51,330)
Surplus/(deficit) for the year attributable to:					
University		25,831	26,213	(41,355)	(41,530)
Total comprehensive income/(loss) for the year attributable to University		21,336	21,718	(51,155)	(51,330)

All items of income and expenditure relate to continuing activities

Consolidated and University Statement of Changes in Reserves**As at 31 July 2020**

Consolidated	Income and expenditure account			Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000
As at 1 August 2018	1,408	2,754	139,075	143,237
Surplus/(deficit) from the income and expenditure statement	24	(325)	(41,054)	(41,355)
Other comprehensive expenditure	-	-	(9,800)	(9,800)
Total comprehensive income/(expenditure) for the year	24	(325)	(50,854)	(51,155)
As at 1 August 2019	1,432	2,429	88,221	92,082
(Deficit)/surplus from the income and expenditure statement	(235)	(1,021)	27,087	25,831
Other comprehensive expenditure	-	-	(4,495)	(4,495)
Total comprehensive (expenditure)/income for the year	(235)	(1,021)	22,592	21,336
As at 31 July 2020	1,197	1,408	110,813	113,418

University	Income and expenditure account			Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000
As at 1 August 2018	1,408	2,754	138,177	142,339
Surplus/(deficit) from the income and expenditure statement	24	(325)	(41,229)	(41,530)
Other comprehensive expenditure	-	-	(9,800)	(9,800)
Total comprehensive income/(expenditure) for the year	24	(325)	(51,029)	(51,330)
As at 1 August 2019	1,432	2,429	87,148	91,009
(Deficit)/surplus from the income and expenditure statement	(235)	(1,021)	27,469	26,213
Other comprehensive expenditure	-	-	(4,495)	(4,495)
Total comprehensive (expenditure)/income for the year	(235)	(1,021)	22,974	21,718
As at 31 July 2020	1,197	1,408	110,122	112,727

Consolidated and University Balance Sheet

For the year ended 31 July 2020

	Notes	Year ended 31 July 2020		Year ended 31 July 2019	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Intangible Assets	13	974	938	777	777
Fixed assets	13	178,183	178,139	175,186	175,139
Heritage assets	14	709	709	709	709
Fixed Asset Investments	15	123	123	110	110
		179,989	179,909	176,782	176,735
Current assets					
Stock	16	30	30	29	29
Trade and other receivables	17	13,083	13,900	11,694	12,174
Investments	18	162	162	170	170
Cash and cash equivalents	20	72,393	70,657	52,197	49,769
		85,668	84,749	64,090	62,142
Less: Creditors: amounts falling due within one year	21	(49,852)	(49,544)	(40,237)	(39,315)
Net current assets		35,816	35,205	23,853	22,827
Total assets less current liabilities		215,805	215,114	200,635	199,562
Creditors: amounts falling due after more than one year	22	(61,024)	(61,024)	(47,540)	(47,540)
Provisions					
Pension provisions	23	(41,363)	(41,363)	(60,193)	(60,193)
Other provisions	23	-	-	(820)	(820)
Total net assets		113,418	112,727	92,082	91,009
Restricted Reserves					
Income and expenditure reserve - endowment reserve	24	1,197	1,197	1,432	1,432
Income and expenditure reserve - restricted reserve	25	1,408	1,408	2,429	2,429
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		110,813	110,122	88,221	87,148
Total Reserves		113,418	112,727	92,082	91,009

The financial statements were approved by the Council on 25 November 2020 and were signed on its behalf by the Pro Chancellor and the Vice Chancellor as the principle office holders, as defined in the Financial Memorandum.

Dame Yve Buckland DBE



Pro-Chancellor and Chair of Council

Professor Alec Cameron



Vice Chancellor and Chief Executive

Consolidated Cash Flow Statement

For the year ended 31 July 2020

	Notes	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Cash flow from operating activities			
Surplus/(loss) for the year before tax		25,731	(41,353)
Adjustment for non-cash items			
Depreciation	13	10,749	10,644
Amortisation of intangibles	13	246	258
Impairment of fixed assets	13	-	10,749
(Increase)/decrease in stock	16	(1)	3
(Increase)/decrease in debtors	17	(1,274)	(2,022)
Increase/(decrease) in creditors	21	8,893	3,524
Decrease/(increase) in pension provision	23	(24,320)	32,148
(Decrease)/increase in other provisions	23	(820)	246
Adjustment for investing or financing activities			
Investment income	6	(194)	(233)
Interest payable	9	2,423	2,278
Endowment income	24	(37)	(35)
Loss/(Gain) on the sale of tangible and intangible assets		8	(7)
Capital grant income	21	(2,330)	(2,176)
Cash flows from operating activities		19,074	14,024
Taxation	12	(15)	(2)
Net cash inflow from operating activities		19,059	14,022
Cash flows from investing activities			
Proceeds from sales of tangible assets		-	7
Capital grants receipts		2,317	1,732
Non-current investment disposal		-	(3)
Withdrawal of deposits		-	53
Investment income	6	194	233
Payments made to acquire tangible assets		(13,167)	(15,390)
Payments made to acquire intangible assets		(451)	(455)
		(11,107)	(13,823)
Cash flows from financing activities			
Interest paid	9	(1,428)	(1,500)
New endowments	24	37	35
New unsecured loans	22	15,000	-
Repayments of amounts borrowed	22	(1,178)	(1,154)
Capital element of finance lease and service concession payments	22	(187)	(220)
		12,244	(2,839)
Increase/(decrease) in cash and cash equivalents in the year		20,196	(2,640)
Cash and cash equivalents at beginning of the year		52,197	54,837
Cash and cash equivalents at end of the year		72,393	52,197

Notes to the Accounts

For the year ended 31 July 2020

1. Tuition fees and education contracts

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Home and EU students	86,489	86,489	83,258	83,258
International students	25,489	25,489	21,013	21,013
Other tuition	4,344	4,344	3,614	3,614
Research training support grant	827	827	1,029	1,029
	117,149	117,149	108,914	108,914

2. Funding body grants

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Recurrent grant				
Office for Students	14,474	14,474	13,632	13,632
Capital grant	1,512	1,512	1,447	1,447
Specific grants				
Higher Education Innovation Fund	1,337	1,337	1,398	1,398
Other specific funding body grants	1,295	1,295	305	305
	18,618	18,618	16,782	16,782

3. Research grants and contracts

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Research councils	4,103	4,103	4,201	4,201
Research charities	1,668	1,668	1,264	1,264
Government (UK)	1,593	1,593	1,835	1,835
European grants	6,794	6,794	6,881	6,881
Industry and commerce	1,700	1,700	1,464	1,464
Other research grants and contracts	719	719	1,067	1,067
Deferred grant income	511	511	389	389
	17,088	17,088	17,101	17,101

Notes to the Accounts (continued)**For the year ended 31 July 2020****4. Sources of funding**

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
OfS	15,986	15,986	15,079	15,079
Other bodies	9,155	9,155	8,768	8,768
Research awards	11,392	11,392	11,065	11,065
Non-qualifying	667	667	859	859
Taught	115,655	115,655	107,026	107,026
	152,855	152,855	142,797	142,797

5. Other income

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Residences, catering, conferences, nursery and sports & recreation	4,880	2,198	7,868	3,054
Other revenue grant income and Erasmus Grant	2,012	2,012	1,612	1,612
Rents, and hire of rooms and land	1,427	1,427	1,279	1,279
Release of non OFS deferred capital grant	268	268	258	258
Other income and services rendered	3,219	4,098	3,030	4,696
	11,806	10,003	14,047	10,899

6. Investment income

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Investment income on endowments	39	39	41	41
Investment income on restricted reserves	9	9	9	9
Other investment income	146	146	183	183
	194	194	233	233

7. Donations and endowments

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
New endowments	37	37	35	35
Donations with restrictions	303	303	335	335
Unrestricted donations	-	-	-	-
	340	340	370	370

Notes to the Accounts (continued)**For the year ended 31 July 2020****8. Staff costs**

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Salaries	73,466	72,788	70,116	69,353
Social security costs	7,349	7,269	8,031	7,961
Employer's pension contributions	21,905	21,747	16,576	16,424
Other staff costs	(785)	(788)	852	843
	101,935	101,016	95,575	94,581
USS pension provision movement	(22,781)	(22,781)	32,270	32,270
	79,154	78,235	127,845	126,851

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

	Year ended 31 July 2020 Number	Year ended 31 July 2019 Number
Academic	828	770
Technical	52	51
Administrative	474	437
Clerical, manual and other	408	421
	1,762	1,679

Head of Provider to median employee pay multiple:

	Year ended 31 July 2020	Year ended 31 July 2019
Basic Salary	7.9	7.6
Total Salary	8.0	7.6

The median employee salary figure used to calculate the above ratio is based on the annual full time salary of all included on the University's payrolls. This includes all individuals that the University includes in its HESA staff record, including any individual service companies who are deemed employees under IR35.

This excludes agency staff, individuals with honorary contracts where the contract is not deemed to be a contract of employment and self-employed individuals outside the scope of IR35. Agency staff are excluded as it is not possible with the current systems and processes in place to identify the equivalent annual salary at an individual level. Agency staff are used for a range of activities across the University, however, they are often not full-time, are charged for via third parties often on a consolidated basis and the rate charged includes a fee to the third party and VAT. Therefore, it is not possible to identify an accurate median salary for these individuals.

Notes to the Accounts (continued)**For the year ended 31 July 2020****8. Staff costs (continued)***Emoluments of the Vice-Chancellor Professor Alec Cameron:*

	Year ended 31 July 2020	Year ended 31 July 2019
	£'000	£'000
Basic Salary	304	299
Benefit Replacement Payment	47	46
Non Taxable Benefits*	-	10
	351	355

* Contractual benefit of two flights for two people from the UK to Australia ceased in November 2018.

The emoluments of the Vice Chancellor above exclude employer's social security. The Vice Chancellor is not a member of the USS pension scheme and therefore there were no employer contributions in 2019/20 or 2018/19. The University made a benefit replacement payment in lieu of pension contributions to USS.

The performance of the Vice Chancellor is monitored throughout the year including through 1:1 performance appraisal with the Chair of Council. In previous years Executive officers, including the Vice-Chancellor, have had access to an annual bonus based on a combination of overall University performance against key performance measures agreed by the Remuneration Committee at the outset of the performance cycle and performance against individual objectives agreed with the Chair of Council. The Nominations and Remuneration Committee decided not to award bonus payments to the Vice-Chancellor and other eligible members of the University Executive for 2017/18 and to discontinue the Executive Bonus Scheme.

In setting the pay of the Vice-Chancellor the Remuneration Committee uses a variety of benchmark data sets to get a rounded picture of what fair and competitive base pay looks like for the role at Aston University. The primary comparison is carried out using several different data 'cuts' of the UCEA Senior Staff Remuneration Report which provide a well-rounded picture of where the incumbent sits relative to the wider Higher Education Sector. The conclusion of that comparison has determined that the base and total reward for the role at Aston is fairly positioned against the market.

Additionally, the Remuneration Committee also commissioned an independent external review of senior remuneration which reported in September 2018. This included an analysis of the Vice-Chancellor's reward using different metrics to help form a more-rounded picture of the appropriate level of pay when set against the University's performance against a variety of measures. This review also used an analysis against the wider private and public sectors to provide a benchmark of levels of pay for senior roles found in these markets. This analysis has similarly concluded that the remuneration of the Vice-Chancellor is fair, appropriate and justifiable.

Notes to the Accounts (continued)**For the year ended 31 July 2020****8. Staff costs (continued)**

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

Basic salary per annum	Year ended	Year ended
	31 July 2020	31 July 2019
	Number	Number
£100,000 to £104,999	7	6
£105,000 to £109,999	3	6
£110,000 to £114,999	3	1
£115,000 to £119,999	3	4
£120,000 to £124,999	3	2
£125,000 to £129,000	-	1
£130,000 to £134,999	1	4
£135,000 to £139,999	3	1
£140,000 to £144,999	2	2
£150,000 to £154,999	1	-
£165,000 to £169,999	1	1
£185,000 to £189,999	1	1
£270,000 to £274,999	1	1
£295,000 to £299,999	-	1
£305,000 to £304,999	1	-
	30	31

The following compensation for loss of office was paid during the year in accordance with the Institution's remuneration committee policy:

	Year ended 31 July 2020	Year ended 31 July 2019
	£'000	£'000
Compensation paid for loss of office	1,084	419
Number of individuals	62	41

Notes to the Accounts (continued)**For the year ended 31 July 2020****8. Staff costs (continued)***Key management personnel*

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. These have been defined as members of the University's Executive. Staff costs includes compensation paid to key management personnel.

	Year ended 31 July 2020	Year ended 31 July 2019
	£'000	£'000
Key management compensation	2,976	2,991
	2,976	2,991

9. Interest and other finance costs

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Loan interest	1,428	1,428	1,500	1,457
Net charge on pension schemes	995	995	389	389
	2,423	2,423	1,889	1,846

Notes to the Accounts (continued)**For the year ended 31 July 2020****10. Analysis of total expenditure by activity**

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Academic and related expenditure	84,713	84,713	79,470	79,470
Administration and central services	35,063	35,063	33,422	33,422
Premises	16,737	16,737	16,859	16,859
Residences, catering and conferences	3,437	1,040	5,505	1,949
Research grants and contracts	13,242	13,242	13,580	13,580
(Decrease)/Increase in USS pension provision	(22,781)	(22,781)	32,270	32,270
Other expenses	9,057	9,154	17,791	18,376
	139,468	137,168	198,897	195,926

Other expenses include:

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
External auditor's remuneration:				
Audit services	63	58	47	42
Non-audit services	5	5	2	2
Operating lease rentals	309	309	309	309
Maintenance of land and buildings	5,353	5,353	5,362	5,362

Notes to the Accounts (continued)**For the year ended 31 July 2020****11. Access and participation**

	Year ended 31 July 2020
	£'000
Access Investment	511
Financial Support	1,485
Disability Support (excluding expenditure included in the two categories above)	250
Research and Evaluation	36
	2,282

The total of the approved expenditure in our Access and Participation Plan for the year ended 31 July 2020 was £5,340,842. Details of the approved 2019/20 plan can be found at <https://www2.aston.ac.uk/about/documents/access-and-participation-plan-2018.pdf>.

2019/20 was the final year that the University planned and operated under the legacy Widening Participation categories (Access, Success, Progression and Investment in financial support). The £5,340,842 target in the published plan relates to these categories, and against these the University exceeded planned spend in year, with actual spend of £5,738,765 (£397,923 over target). Within this there was a small underspend against planned Access investment due to the impact of Covid-19.

OfS guidance required that spend for 2019/20, while planned based on the four categories noted above should be reported using the new categories in place for 2020/21 plans (Access Investment, Financial Support to Students, Support for disabled Students and Research and evaluation). As such, only spend incurred in 2019/20 that would meet the criteria for inclusion in the new categories is shown above. £182,070 of the above figures relate to staff costs for individuals who are intrinsic to the delivery of access and participation activity.

Details of the University's Access and Participation Plan 2020-2025 can be found at <https://www2.aston.ac.uk/about/documents/astonuniversity-app-2020-2025.pdf>.

As set out in the Accounts Direction (OfS 2019.41), no prior-year comparatives are required.

Notes to the Accounts (continued)**For the year ended 31 July 2020****12. Taxation**

Recognised in the statement of comprehensive income

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Current tax				
Current tax expense	15	15	144	-
Adjustment in respect of previous years	-	-	(144)	-
Current tax expense	15	15	-	-
Deferred tax				
Origination/reversal of timing differences	-	-	-	-
Reduction in tax rate	-	-	2	-
Recognition of previously unrecognised tax losses	(115)	-	-	-
Deferred tax credit	(115)	-	2	-
Total tax (credit)/expense	(100)	15	2	-

Notes to the Accounts (continued)**For the year ended 31 July 2020****13a. Fixed assets**

Consolidated	Freehold land £'000	Freehold Buildings £'000	Plant & Machinery £'000	Fixtures, Fittings & Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation						
As at 1 August 2019	51,185	136,727	30,567	32,048	3,225	253,752
Additions	-	894	1,695	637	10,520	13,746
Transfers	-	2,974	781	1,799	(5,554)	-
Disposals	-	-	-	(28)	-	(28)
As at 31 July 2020	51,185	140,595	33,043	34,456	8,191	267,470
Depreciation						
As at 1 August 2019	-	30,045	22,982	25,539	-	78,566
Charge for the year	-	6,455	1,872	2,422	-	10,749
Disposals	-	-	-	(28)	-	(28)
As at 31 July 2020	-	36,500	24,854	27,933	-	89,287
Net Book Value						
As at 31 July 2020	51,185	104,095	8,189	6,523	8,191	178,183
As at 31 July 2019	51,185	106,682	7,585	6,509	3,225	175,186
University						
	Freehold land £'000	Freehold Buildings £'000	Plant & Machinery £'000	Fixtures, Fittings & Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation						
As at 1 August 2019	51,185	136,727	30,567	31,716	3,206	253,401
Additions	-	894	1,695	637	10,512	13,738
Transfers	-	2,974	781	1,776	(5,531)	-
Disposals	-	-	-	(3)	-	(3)
As at 31 July 2020	51,185	140,595	33,043	34,126	8,187	267,136
Depreciation						
As at 1 August 2019	-	30,045	22,982	25,235	-	78,262
Charge for the year	-	6,455	1,871	2,412	-	10,738
Disposals	-	-	-	(3)	-	(3)
As at 31 July 2020	-	36,500	24,853	27,644	-	88,997
Net Book value						
As at 31 July 2020	51,185	104,095	8,190	6,482	8,187	178,139
As at 31 July 2019	51,185	106,682	7,585	6,481	3,206	175,139

Notes to the Accounts (continued)**For the year ended 31 July 2020****13b. Intangible assets**

Software	Consolidated £'000	University £'000
As at 1 August 2019	777	777
Additions in the year	451	408
Amortisation charge for the year	(246)	(239)
Disposals	(8)	(8)
As at 31 July 2020	974	938

14. Heritage assets

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

Consolidated and University	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Heritage Assets brought forward and carried forward	709	709

15. Fixed asset investments

Consolidated	Subsidiary companies £'000	Investment in spinouts £'000	Other fixed assets investments £'000	Total £'000
As at 1 August 2019	-	52	58	110
Revaluation	-	-	13	13
As at 31 July 2020	-	52	71	123

University	£'000	£'000	£'000	£'000
As at 1 August 2019	-	52	58	110
Revaluation	-	-	13	13
As at 31 July 2020	-	52	71	123

The non-current investments have been valued at market value where an appropriate open market is available. All other non-current investments have been valued at nominal value.

Notes to the Accounts (continued)**For the year ended 31 July 2020****15. Fixed asset investments (continued)**

The University has interests in the following companies:

	Year ended 31 July 2020 £
Subsidiary Companies:	
Conference Aston Limited	1
Optimus Energy Limited	1
EBRI (UK) Limited	1
Aston University Consulting Limited	1
Aston Commercial Limited	1
Aston Franchise Limited	1
Investment in Spinout Companies:	
Aston Eyeteck Limited	895
Aston Particle Technologies Limited	1
Grid Edge Limited	50,470
Other Fixed Asset Investments:	
CVCP Properties Limited	31,539
Tiziana Life Sciences Plc	28,585
Mercia Technologies Plc	11,584
Consolidated Total	123,074
University Total	123,080

The subsidiary company investments are University investments only. All other investments are Group and University investments.

16. Stock

	As at 31 July 2020		As at 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
General consumables	30	30	29	29
	30	30	29	29

Notes to the Accounts (continued)**For the year ended 31 July 2020****17. Trade and other receivables**

	As at 31 July 2020		As at 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Research grants receivables	4,854	4,854	3,847	3,847
Trade receivables	3,191	3,095	3,841	3,287
Prepayments and accrued income	4,915	4,914	4,006	4,000
Amounts due from subsidiary companies	8	1,037	-	1,040
Deferred tax asset	115	-	-	-
	13,083	13,900	11,694	12,174

18. Investments

	As at 31 July 2020		As at 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Short term investment in unit trust	162	162	170	170
	162	162	170	170

Aston University has an investment of £162k in Hermes Property Unit Trust. The investment can be redeemed annually on 26 March, 25 June, 30 September and 26 December and therefore as the cash is not instantly accessible, it is deemed to be a short term investment.

19. Cash and cash equivalents

Consolidated	As at 1 August 2019 £'000	Cash Flows £'000	As at 31 July 2020 £'000
	Cash and cash equivalents	52,197	20,196
	<u>52,197</u>	<u>20,196</u>	<u>72,393</u>
University	As at 31 July 2019 £'000	Cash Flows £'000	As at 31 July 2020 £'000
	Cash and cash equivalents	49,769	20,888
	<u>49,769</u>	<u>20,888</u>	<u>70,657</u>

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

Notes to the Accounts (continued)**For the year ended 31 July 2020****20. Consolidated reconciliation of net funds****Consolidated reconciliation of net funds**

	£'000
As at 1 August 2019	21,506
Movement in cash and cash equivalents	20,196
New unsecured loan	(15,000)
Repayment of secured loans	1,178
Repayment of finance lease	187
Repayment of unsecured loans	7
As at 31 July 2020	28,074
Increase in net funds	6,568

Analysis of net funds:	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Cash and cash equivalents	72,393	52,197
Borrowings: amounts falling due within one year		
Secured loans	(1,227)	(1,178)
Unsecured loans	(4)	(7)
Obligations under finance leases	-	(187)
	(1,231)	(1,372)
Borrowings: amounts falling due after more than one year		
Secured loans	(28,088)	(29,315)
Unsecured loans	(15,000)	(4)
	(43,088)	(29,319)
Net funds	28,074	21,506

Notes to the Accounts (continued)**For the year ended 31 July 2020****21. Creditors: Amounts falling due within one year**

	As at 31 July 2020		As at 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Secured loans	1,227	1,227	1,178	1,178
Unsecured loans	4	4	7	7
Research grants and contracts in advance	9,084	9,084	7,107	7,107
Obligations under finance leases	-	-	187	187
Accruals and deferred income	28,867	28,631	21,894	21,135
Other taxation and social security	2,674	2,674	3,322	3,211
Other creditors	7,996	7,924	6,542	6,490
	49,852	49,544	40,237	39,315

Deferred Income

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

	As at 31 July 2020		As at 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Research grants received on account	9,084	9,084	7,107	7,107
Capital grant income	2,330	2,330	2,176	2,176
Other income	14,028	14,024	9,987	9,710
	25,442	25,438	19,270	18,993

22. Creditors: Amounts falling due after more than one year

	As at 31 July 2020		As at 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Deferred income	17,936	17,936	18,221	18,221
Obligations under finance lease	-	-	-	-
Secured loans	28,088	28,088	29,315	29,315
Unsecured loans	15,000	15,000	4	4
	61,024	61,024	47,540	47,540

Notes to the Accounts (continued)**For the year ended 31 July 2020****22. Creditors: Amounts falling due after more than one year (continued)**

Analysis of secured and unsecured loans:	As at 31 July 2020		As at 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Due within one year or on demand (Note 19)	1,231	1,231	1,185	1,185
Due between one and two years	1,266	1,266	1,230	1,230
Due between two and five years	4,060	4,060	3,928	3,928
Due in five years or more	37,762	37,762	24,161	24,161
Due after more than one year	43,088	43,088	29,319	29,319
Total secured and unsecured loans	44,319	44,319	30,504	30,504
Secured loans repayable by 2037	29,315	29,315	30,493	30,493
Unsecured loans	15,004	15,004	11	11
	44,319	44,319	30,504	30,504

Lender	Principal £'000	Interest rate %	Term	Borrower
Barclays Bank	40,000	3.48	2037	University
Salix	268	0	2020	University
HSBC	15,000	LIBOR plus 1.45	2034	University
	55,268			

The secured long-term loan comprises one loan with Barclays Bank. This loan is payable in quarterly instalments from 2008 to 2037 and is secured on a building of the University.

The loan from Salix Finance Limited is an interest free capital loan available to public sector institutions to improve energy efficiency and reduce carbon emissions. At 31 July 2020 the Salix loan balance is £2,000 and will be fully repaid during the year ending 31 July 2021.

The University entered a £40 million unsecured credit facility with HSBC in July 2019. At the balance sheet date £15m of this facility had been drawn down. No repayments are due until 2034.

Notes to the Accounts (continued)**For the year ended 31 July 2020****23. Provisions for liabilities****Consolidated**

	Obligation to fund deficit on USS pension £'000	Obligation to fund deficit on AUPS pension £'000	West Midlands Pension Fund provision ¹ £'000	Total pension provision £'000	Redundancy provision ² £'000	Insurance and tax provisions £'000	Total other £'000
As at 1 August 2019	50,479	9,673	41	60,193	820	-	820
Utilised in year	(993)	(1,334)	(7)	(2,334)	(820)	-	(820)
Additions	797	-	-	797	-	-	-
Additions for actuarial loss	(21,788)	4,495	-	(17,293)	-	-	-
As at 31 July 2020	28,495	12,834	34	41,363	-	-	-

University

	Obligation to fund deficit on USS pension £'000	Obligation to fund deficit on AUPS pension £'000	West Midlands Pension Fund provision ¹ £'000	Total pension provision £'000	Redundancy provision ² £'000	Insurance and tax provisions £'000	Total other £'000
As at 1 August 2019	50,479	9,673	41	60,193	820	-	820
Utilised in year	(993)	(1,334)	(7)	(2,334)	(820)	-	(820)
Additions	797	-	-	797	-	-	-
Additions for actuarial loss	(21,788)	4,495	-	(17,293)	-	-	-
As at 31 July 2020	28,495	12,834	34	41,363	-	-	-

¹Local Government Pension Scheme (LGPS) for pensioners retiring before 2012-13.

²The redundancy provision relates to severance payments for Aston University employees who are at risk at the balance sheet date. These payments are expected to be made within the next twelve months.

Notes to the Accounts (continued)**For the year ended 31 July 2020****24. Endowment reserves**

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Expendable endowments £'000	Year ended 31 July 2020 Total £'000	Year ended 31 July 2019 Total £'000
As at 1 August				
Capital	622	600	1,222	1,108
Accumulated income	155	55	210	300
	777	655	1,432	1,408
New endowments	-	37	37	35
Investment income	28	11	39	41
Expenditure	(2)	(309)	(311)	(138)
Increase in market value of investments	-	-	-	86
Transfers in year	(20)	20	-	-
Total endowment comprehensive income for the year	6	(241)	(235)	24
As at 31 July	783	414	1,197	1,432
Represented by:				
Capital	603	371	974	1,221
Accumulated income	180	43	223	211
	783	414	1,197	1,432
Analysis by type of purpose:				
Academic chairs	-	176	176	442
Scholarships and bursaries	642	108	750	759
Prize funds	19	73	92	89
General	122	57	179	142
	783	414	1,197	1,432
Analysis by asset:				
Current and non-current asset investments			162	170
Cash & cash equivalents			1,035	1,262
			1,197	1,432

Deficit Balances

Aston University did not have any permanent endowments in deficit in either the 2019/20 or 2018/19 financial years.

Notes to the Accounts (continued)

For the year ended 31 July 2020

25. Restricted reserves

	Year ended 31 July 2020			Year ended 31 July 2019
	Unspent capital grants £'000	Restricted donations £'000	Total £'000	Total £'000
Balances at 1 August	-	2,429	2,429	2,754
New grants	910	-	910	287
New donations	-	303	303	335
Investment income	-	9	9	9
Capital grants utilised	(910)	-	(910)	(287)
Expenditure	-	(1,333)	(1,333)	(669)
Transfer in year	-	-	-	-
Balances at 31 July	-	1,408	1,408	2,429

	Year ended 31 July 2020	Year ended 31 July 2019
	Total £'000	Total £'000
Analysis of Other Restricted Funds / Donations by Type:		
Academic chairs	80	85
Scholarships and bursaries	863	1,119
Prize funds	26	26
General	439	1,199
Balances at 31 July	1,408	2,429

Notes to the Accounts (continued)**For the year ended 31 July 2020****26. Pension schemes**

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), Scottish Widows Pension Scheme (SWPS) and Aston University Pension Scheme (AUPS, this is now a closed scheme to new entrants and future accrual and all existing members now have deferred benefits).

USS provides benefits for academic and academic-related employees of all UK universities and other employees. SWPS/AUPS provides benefits for other staff of the University. USS and AUPS are defined benefit schemes which are externally funded, the assets of which are held in separately administered funds. The deficit in the schemes is required to be reflected in the Consolidated Balance Sheet and the movements in the deficit to be reflected in the Consolidated Statement of Comprehensive Income and Expenditure.

SWPS is a defined contribution plan, a post-employment benefit plan under which the University pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the year during which services are rendered by employees.

The total pension cost for the Consolidated Group was:

	Year ended 31 July 2020	Year ended 31 July 2019
	£'000	£'000
Contributions to USS (excluding provision movement)	18,518	14,294
Contributions to AUPS	1,823	930
Contributions to SWPS	1,473	1,060
Nest and other pension contributions	91	292
Total Contributions	21,905	16,576

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

	Year ended 31 July 2020	Year ended 31 July 2019
	£'000	£'000
Contributions due to USS	15	4
Contributions due to AUPS	-	-
Contributions due to SWPS	2	32
Contributions due to NEST and other pensions	8	-
Total Contributions	25	36

Notes to the Accounts (continued)**For the year ended 31 July 2020****26. Pension schemes (continued)***USS*

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below:

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	2018 valuation Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. Post retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

Notes to the Accounts (continued)**For the year ended 31 July 2020****26. Pension schemes (continued)***USS (continued)*

The current life expectancies on retirement at age 65 are:

	2018 valuation	2017 valuation
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2019 and 2020:

	2018 valuation	2017 valuation
Discount rate	0.73%	1.58%
Pensionable salary growth	2.35%	2.50%
Staff base growth	1.50%	2.00%

AUPS

The assets of the Scheme are held in a separate trustee-administered fund. The Scheme is a defined benefit scheme which is funded and valued every three years by the actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. A full actuarial valuation was carried out at 31 March 2019 by a qualified independent actuary (Hymans Robertson LLP). The material assumptions and other data used by the actuary were:

	2019-20	2018-19
Salary scale increases per annum	2.35%	2.65%
Pension increases per annum (post 1.9.90 joiners)	2.85%	3.15%
Pension increases per annum (pre 1.9.90 joiners)	3.50%	3.65%
Discount rate	1.40%	2.10%
Consumer Price Inflation	2.00%	2.25%
Retail Price Inflation	2.90%	3.25%

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

The FRS102 valuation has used RPI as the inflationary index to calculate scheme liabilities for current members and used CPI in respect of deferred members.

Notes to the Accounts (continued)**For the year ended 31 July 2020****26. Pension schemes (continued)***AUPS (continued)*

The current mortality assumptions include sufficient allowance for future improvements in the mortality rates, adopting the CMI 2019 projections with a 1.25% pa long term trend. The assumed life expectancies on retirement at age 65 are:

	2019-20	2018-19
Retiring today		
Males	20.7	20.7
Females	23.6	23.0
Retiring in 20 years		
Males	22.2	22.2
Females	25.6	25.2

Scheme assets and assumptions on investment returns:

	Fund Value 31 July 2020 £'000	Fund Value 31 July 2019 £'000
Equity Securities	59,222	59,141
Debt securities - corporate	16,147	15,426
Debt securities - government	26,885	26,913
Cash and cash equivalents	1,393	202
Real estate	7,760	8,217
	<u>111,407</u>	<u>109,899</u>

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

Analysis of the amount shown in the balance sheet:

	2019-20 £'000	2018-19 £'000
Total value of assets	111,407	109,899
Actuarial value of liabilities	(124,241)	(119,572)
Loss over funded scheme assets	<u>(12,834)</u>	<u>(9,673)</u>

Notes to the Accounts (continued)**For the year ended 31 July 2020****26. Pension schemes (continued)***AUPS (continued)*

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

	2019-20	2018-19
	£'000	£'000
Current service cost	-	-
Administration cost	689	546
Pat service cost	-	262
Total operating charge	689	808

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

	Year ended	Year ended
	31 July 2020	31 July 2019
	£'000	£'000
Interest income on scheme assets	2,283	2,877
Interest payable on scheme liabilities	(2,480)	(2,855)
Impact of asset ceiling on net interest	-	(17)
Net interest on Net Defined Benefit Liability	(197)	5
Total amount charged to Surplus	886	803

Analysis of the amount recognised in other comprehensive income (OCI):

	Year ended	Year ended
	31 July 2020	31 July 2019
	£'000	£'000
Actual return on assets excl. amount included in net assets	527	5,540
Actuarial losses on scheme obligations	(5,022)	(15,340)
Re-measurement (loss) in scheme	(4,495)	(9,800)
Decrease in irrecoverable surplus	-	606
Re-measurement (loss) in OCI	(4,495)	(10,406)

Notes to the Accounts (continued)**For the year ended 31 July 2020****26. Pension schemes (continued)***AUPS (continued)*

Analysis of the movement in the fair value of the scheme liabilities:

	2019-20	2018-19
	£'000	£'000
Opening Defined Benefit Obligation	119,572	104,015
Current Service Cost	-	-
Administration Cost	689	546
Interest Cost	2,480	2,855
Past Service Cost	-	262
Contributions by Scheme Participants	-	-
Actuarial Losses	5,022	15,357
Benefits Paid	(3,522)	(3,463)
Closing Defined Benefit Obligation	124,241	119,572

Analysis of the movement in the fair value of the scheme assets:

	2019-20	2018-19
	£'000	£'000
Opening Fair Value of Scheme Assets	109,899	104,015
Interest Income	2,283	2,877
Contributions by Aston University	2,220	930
Contributions by Scheme Participants	-	-
Actual Return on Assets ex. amount in net interest	527	5,540
Benefits Paid	(3,522)	(3,463)
Closing Fair Value of Scheme Assets	111,407	109,899

NEST

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

Notes to the Accounts (continued)**For the year ended 31 July 2020****27. Capital, other commitments and contingent liabilities**

Provision has not been made for the following capital commitments at 31 July 2020:

	As at 31 July 2020		As at 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	6,292	6,222	3,805	3,739
	6,292	6,222	3,805	3,739

Contingent liabilities at 31 July 2020:

	As at 31 July 2020		As at 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Highways Act 1980 Bond	31	31	31	31
	31	31	31	31

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

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

28. Lease obligations

Total rentals payable under operating leases:

	As at 31 July 2020				As at 31 July 2019	
	Land and Buildings £'000	Plant and Machinery £'000	Other leases £'000	Total £'000	Other leases £'000	Total £'000
Future minimum lease payments due:						
Less than 1 year	-	-	246	246	316	316
Between 1 year and 5 years	-	-	317	317	195	195
Later than 5 years	-	-	-	-	-	-
Total lease payments due	-	-	563	563	511	511

Notes to the Accounts (continued)

For the year ended 31 July 2020

29. Subsidiary undertakings

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

Company	Principal Activity	Status	Note
Conference Aston Limited	Management of conference and hotel activities	100% owned	13
Aston Franchise Limited	Management of Little Kickers Placement Franchise	100% owned	13
Optimus Energy Limited	Dormant	100% owned	13
EBRI (UK) Limited	Dormant	100% owned	13
Aston University Consulting Limited	Dormant	100% owned	13
Aston Commercial Limited	Dormant	100% owned	13

30. Financial instruments

Risk management

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

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

Credit risk

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

The University's credit risk arises from bank balances, investments, student debtors and commercial organisations as customers. Management of credit risk is a prime objective of the Treasury Management Policy. At 31 July 2020, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

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

Notes to the Accounts (continued)

For the year ended 31 July 2020

30. Financial instruments (continued)

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

Liquidity risk

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

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

Foreign currency risk

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

Interest rate risk

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

Financial instruments – fair values

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

Notes to the Accounts (continued)**For the year ended 31 July 2020****31. Related party transactions**

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

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

Related parties were identified by examining returns submitted by members of Council and senior management team members for the financial year 2019/20, as well as performing an online check via Creditsafe.

These financial statements include the following transactions with related parties. No information has been listed for organisations where the income and expenditure is less than £1,000 in the financial year.

2019/20

	Income Transactions £'000	Expenditure Transactions £'000	Creditor Balance due £'000	Debtor Balance due £'000
Aston Students' Union	82	1,589	25	1
Aston University Engineering Academy Birmingham	20	-	-	0
Aston University Pension Scheme	-	360	-	12
Universities West Midlands	-	69	-	-
University of Leeds	-	1	-	-
Sandwell and West Birmingham Hospitals NHS Trust	94	-	-	-
Innovation Birmingham Limited	-	53	3	-
Advance HE	-	36	0	-
Membership Solutions Ltd	-	10	-	-
Greater Birmingham Chamber of Commerce	87	-	-	-
Coventry University	-	2	-	-
GBSLEP	-	7	-	-

2018/19

	Income Transactions £'000	Expenditure Transactions £'000	Creditor Balance due £'000	Debtor Balance due £'000
Aston Students' Union	977	2,000	-	1
Aston University Engineering Academy Birmingham	29	1	-	-
Mirzyme Therapeutics Ltd	156	-	-	-
University of Bristol	-	12	-	-
Capgemini UK PLC	315	-	-	-
Sandwell and West Birmingham Hospitals NHS Trust	-	126	-	-
Innovation Birmingham Limited	-	40	0	-
Advance HE	1	139	108	-
Membership Solutions Ltd	-	14	-	-

Expenses are paid to or on behalf of Council members for travel and subsistence incurred in attending meetings and events in their official capacity. This is immaterial to the financial statements for the years ending 31 July 2020 and 2019.

Notes to the Accounts (continued)

For the year ended 31 July 2020

32. Post balance sheet events

There are no post balance sheet events to report at the date of signing.