



Financial Statements 2017/18



Contents

	Page
Foreword by the Vice-Chancellor	3
Key Highlights	4
Operating and Financial Review	8
Corporate Governance Statement	11
Independent Auditor's Report to the Council of Aston University	16
Statement of Principal Accounting Policies	18
Consolidated Statement of Comprehensive Income and Expenditure Account	25
Consolidated and University Statement of Changes in Reserves	26
Consolidated and University Balance Sheet	27
Consolidated Cash Flow Statement	28
Notes to the Financial Statements	29



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

Aston has a mission to be the UK's leading university for business and the professions, underpinned by applicable research, enterprise and inspiring teaching. Delivering both local and global impact, Aston has students from 120 countries around the world.

Aston has finalised its strategy, which has a clear focus on three main groups of beneficiaries: students, business and the professions, and the region and society. These beneficiaries are at the centre of our vision and values.

Aston is attractive to students as we have long been recognised as a university that equips them with the skills and knowledge they need to thrive in a professional career. We are especially attuned to the needs of business and industry. Six months after graduating, 70% of Aston Alumni have secured graduate level employment or are studying at Masters level. We are 2nd in the UK for boosting graduate salaries, with our graduates earning nearly £3,000 more than expected five years after graduation (The Economist 2017).

Our integrated placement year is becoming more and more popular, with the majority of our students spending a year in business, a year abroad, or in pre-registration for subjects allied to medicine. By 2023, our aim is to have 100% of our students taking a work or professional placement.

The University performed strongly in the National Student Survey once again, receiving an overall satisfaction score of 84%, placing Aston above the sector average for the sixth consecutive year.

Over the last year, we were also successful in securing in excess of £22m in new research grants.

Our financial performance for 2017-18 was strong with a healthy surplus driven by growing student numbers. We are continuing to invest in new academic staff and in our campus provision with the new Students' Union building set to open in 2019.

We have an ambitious implementation plan which will deliver a number of initiatives aligned with our new strategy, and these will be our priority over the coming year.

A handwritten signature in blue ink that reads "Alec Cameron". The signature is fluid and cursive.

Alec Cameron

Key facts

- Founded in 1895 and a University since April 1966
- Exceptional teaching informed by leading research
- A reputation for research that makes a difference to society
- Ranked 25th for Teaching Quality in the Times/Sunday Times Good University Guide (2018)
- Ranked 18th for Student Experience in the Times/Sunday Times Good University Guide (2018)
- Ranked 21st for Student Satisfaction in the Complete University Guide (2019)
- Ranked 26th for students achieving an upper second class degree or higher in the Complete University Guide (2019)
- Ranked 25th for student continuation in the Guardian University Guide (2019)
- 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.

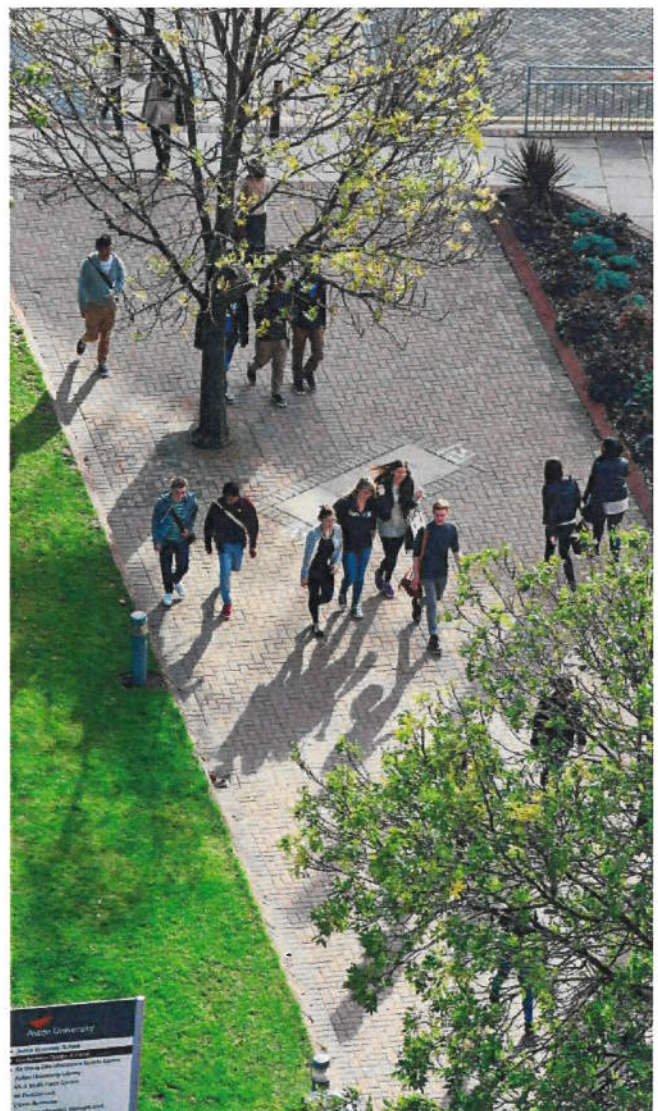
This is achieved through working with partner schools locally and supporting schools and colleges more widely, and through student mentoring and volunteering in schools.

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.



78%

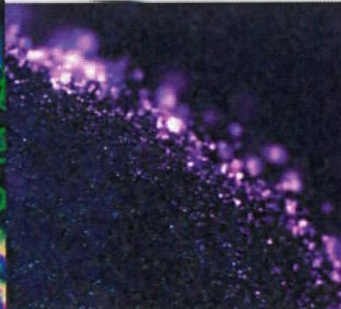
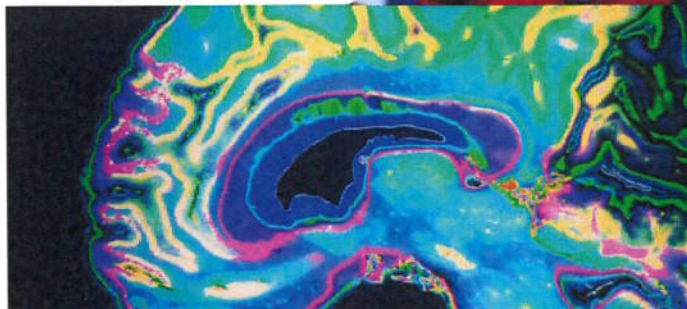
of research deemed World Leading or Internationally Excellent in the REF 2014



Aston is a Member of Midlands Innovation



EXCELLENT RESEARCH PERFORMANCE



Academic Schools

ASTON BUSINESS SCHOOL

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

SCHOOL OF ENGINEERING & APPLIED SCIENCE

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

SCHOOL OF LIFE & HEALTH SCIENCES

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

SCHOOL OF LANGUAGES & SOCIAL SCIENCES

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

ASTON MEDICAL SCHOOL

- Led by Executive Dean, Professor Asif Ahmed
- Subject areas: Patient-centred curriculum to help students develop core competencies in medicine, gain key teamwork skills and understand the workings of the NHS

Research

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

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

Partnerships and business engagement

We pride ourselves in building strong relationships with business, professional and public sector organisations through placements, collaborative research and consultancy. Collaborative funding schemes include

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

International

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

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

People and values

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

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

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

Infrastructure - a sustainable, integrated campus

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

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

Operating and Financial Review

Aims and Objectives

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

“to advance, disseminate and apply learning and knowledge by teaching and research for the benefit of industry and commerce and 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 was regulated by the Higher Education Funding Council for England (HEFCE) as the principal regulator of English higher education institutions under the Charities Act 2011, until this responsibility was taken over by the new Office for Students (OfS) in April 2018. The University was admitted to the OfS register of English higher education providers on 17 July 2018 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 (comprising 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, 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 sector is facing some significant challenges to deal with over the next few years. These include the impact of Brexit, increasing competition nationally and globally, changes in government policy on funding, impact of pension scheme valuations, key demographic changes and developments in technology changing teaching and learning.

There is an imperative to promote to stakeholders the major advantages that universities have for the economy, individuals and society. The focus in the Aston Strategy 2018 to 2023 is on the outcomes for our three major beneficiaries and using our strengths to deliver these and consolidate our strong position in the sector.

A core element of the University has always been to deliver an outstanding and fulfilling educational experience to our students. 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 keep investing 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 will 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 will be building on our excellent record of gaining grants over the past years 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 develop with income, excluding the service concession, increasing by 6.1% to £156.8m. Key drivers of growth include an increasing student population despite the increasingly competitive nature of the sector and increased research grant capture.

Costs, excluding the service concession, have increased by 10.0% to £147.3m driven by investment in people in order to deliver exceptional teaching and research. The operating surplus before taxation was £9.6m (6.2% of income), a reduction of £4.0m from the prior year.

Cash increased by £2.8m in the year. Overall, and after investments of £11.8m in improving our estate and facilities, the University ended the year with an improved cash and investments balance of £54.8m.

Student Population

The overall number of students continues to increase year on year with the total population around 15,500 students in 2017-18, 77% of students studying at undergraduate level and 23% at postgraduate level. Home and EU students represent 86% of the population with the remainder coming from the overseas market.

Tuition & Funding Council Income

Tuition fee income has increased by 5.2%, reflecting the growth in student numbers. Funding Council income has remained consistent with 2016-17.

Research Income

Research income relating to 2017-18 was £16.7m (2016-17: £14.7m) an increase of 13.2%. The University continues to invest in research capability including additional staff members, complementary skill sets and research facilities.

Other Income

Other operating income was £16.0m. 2016-17 included £14.6m relating to a service concession arrangement for student accommodation that is required under FRS102. Following the sale of the student accommodation in 2016-17, there is no longer a service concession arrangement so other income and costs have fallen commensurately. Catering, sport, nursery and conference income make up large majority of other operating income and are on par with 2016-17.

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 9.5% to £89.4m, largely

attributable to the ongoing investment in academic posts to support the growing student population over recent years.

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 (£52k of £88.3m).

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. During the year the Aston University Pension Scheme (AUPS), a defined benefit scheme for employees sponsored by the University, was closed to future accrual and replaced by the SWPS.

The 2014 valuation of USS resulted in a recovery plan requiring employees to contribute 2.1% of salaries toward repairing the deficit over 17 years. The 2017 actuarial valuation of the USS has been undertaken but not yet formally completed. The 2017 valuation sets out the challenges currently facing the scheme and the likelihood of significant increase in contributions being required to address these challenges will present a risk to the sector. Further information can be found in the financial statements, note 24.

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 fallen to £nil (2016-17; £9.8m) after the annual actuarial review. This is predominantly due to higher than expected returns on the schemes invested assets, contributions from the University and the decision to close the scheme to future accrual. Further information can be found in the financial statements, note 24. The USS provision reduced to £17.8m (2016-17: £18.7m).

The University has a continuing commitment to pay the West Midlands Pension Fund as managers of the Local Government Pension Scheme (LGPS) for pensioners retiring before 2012-13. This scheme is now closed to employees. The WMPF provision is £0.9m (2016-17: £0.8m).

Other Operating Expenses

Excluding the impact of the service concession in 2016-17 of £14.9m, other operating expenses have increased £2.1m. This is primarily driven by investment in the IT infrastructure resulting in increased software costs.

Capital Expenditure

The University continues to invest in its estate and digital infrastructure in order to modernise and extend its facilities for high quality teaching and research with net expenditure of £11.8m during the year.

Major projects in 2016-17 included a new Students' Union, continued development of laboratories and office space in Engineering and Applied Sciences. IT initiatives included a new student attendance monitoring system to enhance our understanding of student engagement and an upgrade to the student information system.

The capital expenditure programme will gain pace over the coming years. This includes further investment in our teaching and research space.

Balance Sheet

The Group continues to maintain a strong balance sheet with total net assets of £143.2m. As required under FRS102, our balance sheet includes provision for £17.8m relating to the University's share of the USS pension scheme deficit. The University has long term bank loans outstanding of £31.6m.

Cash Flow

Cash and short term investments have increased by £2.8m during the year in total for operating and endowment cash due to the improved operating surplus. The EIB loan of £5m was repaid during the year. Interest payable on outstanding loans has remained constant this year at £2.0m.



Scope of the Financial Statements

The Financial Statements for the year ended 31 July 2018 comprise the results of the University and its operating subsidiary, Conference Aston Limited, which manages the University's conference facilities and associated activities.

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

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

Y. H Buckland

Dame Yve Buckland, DBE
Pro-Chancellor and Chair of Council
28th November 2018



Corporate Governance Statement

The University is committed to exhibiting best practice in all aspects of corporate governance. The University Council operates in accordance with the Committee of University Chairs' (CUC) Higher Education Code of Governance (revised in 2018); the Model Memorandum of Assurance and Accountability between the Higher Education Funding Council for England (HEFCE) and Higher Education Institutions (HEI) which includes the HEFCE Audit Code of Practice; and the OfS regulatory framework, and its terms and conditions of funding for HE institutions. This includes a comprehensive risk assessment and management process which is now firmly established and monitored by the Audit Committee on behalf of Council. Audit Committee reviews policies and processes that ensure value for money is delivered by the University, whilst the Finance and Major Projects Committee assesses the costs, risks and benefits associated with major capital projects.

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 colleagues, customers, partners, suppliers and other stakeholders. The terms of reference of the Audit Committee include the provision of assurance to Council on the effectiveness of the oversight and operation of the University's Ethics Framework. Audit Committee received a report on Ethics Framework Metrics for 2017 and noted that no significant ethical breaches had been recorded at Aston in recent years. Audit Committee also received the Annual Modern Slavery Act Statement for 2017/2018 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'. To this end Council agreed some changes to the governance arrangements for senior staff remuneration to bring the University into line with the CUC's guidance. The disclosures with regard to remuneration in the financial statements have been enhanced and comply with the guidance issued by the CUC.

The Council is committed to the principal of openness and transparency with regard to senior staff

remuneration. Accordingly, this year's financial statements include:

- A table showing the number of staff with a basic salary of over £100,000 per annum, broken down into bands of £5,000.
- Full details of the total remuneration package for the Vice-Chancellor and Chief Executive, together with a justification for this package which refers to the context in which the University operates and is linked to the value and performance delivered, as well as an explanation of the process adopted for judging performance.
- A report on the total amount of any severance pay and compensation for loss of office paid and the number of people to whom this was payable.



Governance Structure

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 Council is responsible for approving corporate strategy and associated plans and budgets; for determining major business decisions and corporate policy; for the framework of governance and management; and for monitoring institutional and executive performance.

Council currently has 18 members with a majority of independent members (currently 12 which is to reduce to nine in due course), six internal members (the Vice-Chancellor, the Provost, Chief Financial 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 Memorandum of Assurance and Accountability with HEFCE, and, in future, by the OfS regulatory framework, and its terms and conditions of funding for HE institutions.

Council meets five times a year and, in addition, members of the Council and the Executive have 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 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 and agreed to a number of changes to improve its effectiveness during the year including Operational Guidelines, Changes to Council's Committees, electronic distribution of agenda and papers and a new skills matrix. An external effectiveness review was last conducted in 2013/14 which made recommendations to build upon the current strengths of Council and to enhance the engagement of all Council members in the effective governance of the University, promoting its strategic development, maximising institutional performance and building competitive reputation.

The next external review of the effectiveness of Council and its Committees will take place in 2018/19.

Senate

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 when required.

The Senate's Annual Report to Council 2017 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 both the continuous improvement of the student academic

experience and student outcomes and the standards of the University's academic awards have been appropriately set and maintained.

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 which 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. During the year Council decided that, in future, its Committees should comprise entirely independent members of Council or independent co-opted members; and that members of staff and students should attend Council Committee meetings only by invitation. The principal functions of each of these committees is set out below:

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

Nominations Committee considers nominations for membership of Council and its Committees, including the key role of Pro-Chancellor and Chair of Council, and makes recommendations to the Council for filling vacancies for independent members.

Remuneration Committee determines the remuneration of the most senior staff, including the Vice-Chancellor. It 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 Remuneration Committee. The Committee ensures the performance of senior executives is reviewed and reported on an annual basis and that variable reward elements for senior executives are linked to University performance. The Committee also 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. The Provost and Deputy Vice-Chancellor assists the Vice-Chancellor in the management of the University and acts as their deputy. The Pro-Vice-Chancellors (PVC) are senior appointees who assist the Vice-Chancellor in specific areas of academic development including the delivery of the institutional strategic objectives. The academic activity of the University is organised into five academic Schools, each 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 Financial Officer, Executive Director of Business Engagement, Executive Director of Campaigns, and Executive Director of Marketing, Strategy and Communications.

The Executive Operations Group (EOG), a subset of Executive, comprising the Vice-Chancellor, Provost and Deputy Vice-Chancellor, Chief Financial Officer and Chief of Operations and Estates meets fortnightly to look at operational issues. All statutory returns, Internal Audit reports and other operational issues are reviewed and agreed by 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 Committee with regular reporting to Council, whose responsibilities include monitoring and review of the risk register and the internal control environment.

Audit Committee 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. Audit Committee receives reports from the University's Internal Auditors (currently PwC) whose annual programme is approved by the Committee and whose lead auditor provides the Committee with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of internal control, including internal financial control. Audit Committee also receives comments made by the external auditors (currently BDO) in their management letter and other reports. Audit Committee produces an Annual Report to Council which provides an overview of how it has met its objectives and its assessment of the adequacy and effectiveness of the University's arrangements for risk management, control and governance; economy, efficiency and effectiveness (VFM); and management and quality assurance of data submitted to external agencies and funding bodies.

Financial Control

Council is charged with taking reasonable steps to:

1. ensure that public funds (e.g. from HEFCE, 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, Council 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 Audit Committee.

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

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

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

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 Audit Committee regularly seeks advice from the internal and external audit to improve its internal controls and performance, and to adopt best current practice.

Risk Management

The University operates a risk assessment and management process, including academic risk, which informs a risk register, and is now firmly established and

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

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

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

In order to provide assurance that the above process is operating effectively, Internal Audit undertakes an annual review of elements of the University's procedures for governance and risk management, and its arrangements to promote value for money, as well as the underlying control and monitoring processes. The Internal Audit Annual Report 2017-18 concluded that overall "there are significant weaknesses within discrete areas of Aston's operations that put the achievement of organisational objectives at risk. Major improvements are required within discrete areas to improve the outcomes of our governance, risk management and value for money arrangements". The key factors for this included that of the six reports that Internal Audit issued in 2017-18, four reports were rated as 'High Risk' and Internal Audit raised five high rated findings. Internal Audit had noted the positive and constructive conversations they had had with the Executive in agreeing recommendations and action plans. Internal Audit also recognised the focus being placed on follow-up of recommendations by Audit Committee. Actions in respect of the five high-rated findings raised in 2017-18 were on track to be completed within target dates.

Accounting Basis

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

Going Concern

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

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



Responsibilities and Membership of Council

The primary responsibilities of Council are:

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

For the full set of 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/>

Key for Council Committees

AC	Audit Committee
FMPC	Finance and Major Projects Committee
NC	Nominations Committee (until June 2018)
RC	Remuneration Committee (until June 2018)
NRC	Nominations and Remuneration Committee (from June 2018)

The Council Membership during 2017-18

Ex-Officio

Dame Yve Buckland DBE
Pro-Chancellor and Chair of the Council, Chair NC, RC and NRC, Member FMPC

Professor Alec Cameron
Vice-Chancellor and Chief Executive, Member FMPC and NC

Professor Helen Higson, OBE
Provost and Deputy Vice-Chancellor, Member AC and NC

Mr Neil Scott
Chief Financial Officer, Member AC and FMPC

Independent - Appointed

Amanda Allen (*Member FMPC*)

Lance Doughty (*Member AC and NC*)

Dr Stuart Doughty, CMG (*Chair of Finance & Major Projects Committee*)

Dr Melanie Gibbs (*Member AC from June 2018*)

Toby Lewis (*Chair of Audit Committee from June 2018, Member FMPC until Jan 2018 and AC from Jan 2018*)

Dr Kevin Morley (*Member AC from June 2018*)

Dr Sue Noffke (*Member NC and NRC*)

Dr Rob Perrins (*Chair of Audit Committee until June 2018, Member FMPC from June 2018*)

Dr Vij Randeniya (*Chair of Nominations and Remuneration Committee from June 2018, Member FMPC and RC until June 2018*)

Professor Surinder Sharma (*Member AC and NC until 31 July 2018*)

Dr Mike Wright (*Member FMPC*)

Internal - Elected

Professor Alison Hodge, MBE (*Staff Representative FMPC until 31 July 2018*)

Dr Fiona Lacey (*Staff Representative Senate until 31 July 2018*)

Reema Quessou (*Student Representative FMPC until 31 July 2018*)

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

Independent Auditor's Report to the Council of Aston University

Opinion

We have audited the financial statements of Aston University ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2018 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated and University Statements 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 2018 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the group's and the University's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and relevant legislation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council 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 is responsible for the other information. Other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information 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 Operating and Financial Review and 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 Audit Code of Practice

In our opinion, in all material respects:

- Funds from whatever source administered by the higher education institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS and Research England have been applied in accordance with these terms and conditions and any other terms and conditions attached to them.
- The requirements of the OfS's accounts direction have been met.



Responsibilities of the Council

As explained more fully in the Council's responsibilities statement set out on page 15, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the Group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either 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 from the Office for Students and Research England.

Use of our report

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

BDO LLP

Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham

Date: 29 November 2018

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 2018. The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income and Expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation. Associated companies and joint ventures are accounted for using the fair value method.

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

Income Recognition

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

a) Tuition Fee Income

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

b) Investment Income

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

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

c) Grant Funding

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

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

Statement of Principal Accounting Policies

d) Donations and endowments

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

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

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

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

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

e) Capital Grants

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

Accounting for retirement benefits

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), Scottish Widows Pension Scheme (SWPS, from 1st April 2018) 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 and AUPS are defined benefit schemes which are externally funded and for the period up to 5 April 2016 were contracted out of the State Second Pension (S2P). From 6 April 2016, contracting out ceased with the introduction of the Government's new state pension. Each fund is valued every three years by professionally qualified independent actuaries.

The USS is a multi-employer scheme, where scheme assets are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions. An institution is thereby unable to identify its share of the scheme's underlying assets and liabilities on a consistent and reasonable basis. Therefore, as required by Section 28 of FRS 102 "Employee Benefits", the University accounts for this as if it were a defined benefit scheme. A scheme wide contribution rate is set and the institution is therefore exposed to actuarial risks associated with the other institutions' employees. As a result the amount charged to the staff costs represents the contribution payable to the scheme in the accounting period and a liability is recorded within provisions for any contractual commitment to fund past deficits at a discounted rate within the USS scheme. The University has entered into an agreement with USS to fund a share of the scheme deficit. These agreed future contributions are recognised as a provision in the financial statement, with any movements in the provision charged to staff costs. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

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.

Statement of Principal Accounting Policies

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.

Further details on all pension schemes are disclosed in note 24.

Employment Benefits

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

Finance leases

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

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

Operating leases

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

Service Concession Arrangements

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

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

Foreign Currency Translation

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

Statement of Principal Accounting Policies

Fixed Assets

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

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

a) Land and Buildings

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

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

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

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

b) Equipment

Capitalisation: Equipment costing less than £10,000 per individual item is recognised as expenditure in the year of acquisition. All other equipment is capitalised at cost.

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

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

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

c) Borrowing costs

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

Statement of Principal Accounting Policies

Heritage Assets

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

Intangible Assets

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

Intangible assets are subject to periodic impairment reviews as appropriate.

Investments

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

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

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

Stock

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

Cash and Cash Equivalents

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

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the financial statements when:

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

Statement of Principal Accounting Policies

Provisions, Contingent Liabilities and Contingent Assets - Continued

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

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

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

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

Taxation

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

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

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

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

Reserves

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

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

Statement of Principal Accounting Policies

Significant Judgements and Estimates

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

Property Revaluation and Asset Useful Economic Life (UEL)

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

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

Aston University Pension Scheme (AUPS)

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

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

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

Universities Superannuation Scheme (USS)

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

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

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

Consolidated Statement of Comprehensive Income and Expenditure

For the year ended 31 July 2018

	Notes	Year ended 31 July 2018		Year ended 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	107,403	107,403	102,067	102,067
Funding body grants	2	15,793	15,793	16,264	16,264
Research grants and contracts	3	16,688	16,688	14,743	14,743
Other operating income	4	15,999	11,774	28,346	24,441
Investment income	5	131	131	240	277
Total income before endowments and donations		156,014	151,789	161,660	157,792
Donations and endowments	6	773	773	713	713
Total income		156,787	152,562	162,373	158,505
Expenditure					
Staff costs	7	88,259	87,316	80,811	79,811
Other operating expenses		46,440	43,049	56,530	53,805
Depreciation and amortisation	11	10,500	10,474	9,447	9,408
Interest and other finance costs	8	2,061	2,027	2,015	2,015
Total expenditure	9	147,260	142,866	148,803	145,039
Surplus before other gains losses		9,527	9,696	13,570	13,466
Gain / (loss) on disposal of fixed assets		24	23	(1)	(1)
Gain on investments		58	58	52	52
Surplus before tax		9,609	9,777	13,621	13,517
Taxation	10	27	-	(22)	-
Surplus for the year		9,636	9,777	13,599	13,517
Actuarial gain in respect of pension schemes	24	10,778	10,778	1,879	1,879
Total comprehensive income/(loss) for the year		20,414	20,555	15,478	15,396
Represented by:					
Endowment comprehensive income for the year		15	15	92	92
Restricted comprehensive income for the year		448	448	158	158
Unrestricted comprehensive income for the year		19,951	20,092	15,228	15,146
		20,414	20,555	15,478	15,396
Surplus for the year attributable to:					
University		9,636	9,777	13,599	13,517
Total Comprehensive income for the year attributable to University		20,414	20,555	15,478	15,396

All income and expenditure relates to continuing operations.

Consolidated and University Statement of Changes in Reserves

As at 31 July 2018

Consolidated	Income and expenditure account			Total £'000
	Endowment	Restricted	Unrestricted	
	£'000	£'000	£'000	
Balance at 1 August 2016	1,301	2,148	103,896	107,345
(Deficit)/Surplus from the income and expenditure statement	92	158	13,349	13,599
Other comprehensive income	-	-	1,879	1,879
	92	158	15,228	15,478
Balance at 1 August 2017	1,393	2,306	119,124	122,823
Surplus from the income and expenditure statement	15	448	9,173	9,636
Other comprehensive income	-	-	10,778	10,778
Total comprehensive income for the year	15	448	19,951	20,414
Balance at 31 July 2018	1,408	2,754	139,075	143,237

University	Income and expenditure account			Total £'000
	Endowment	Restricted	Unrestricted	
	£'000	£'000	£'000	
Balance at 1 August 2016	1,301	2,148	102,939	106,388
Surplus from the income and expenditure statement	92	158	13,267	13,517
Other comprehensive income	-	-	1,879	1,879
	92	158	15,146	15,396
Balance at 1 August 2017	1,393	2,306	118,085	121,784
Surplus from the income and expenditure statement	15	448	9,314	9,777
Other comprehensive income	-	-	10,778	10,778
Total comprehensive income for the year	15	448	20,092	20,555
Balance at 31 July 2018	1,408	2,754	138,177	142,339

Consolidated and University Balance Sheet

For the year ended 31 July 2018

	Note	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Intangible Assets	11b	580	580	329	329
Fixed assets	11a	179,727	179,680	178,011	177,971
Heritage assets	12	709	709	709	709
Fixed Asset Investments	14	107	107	74	74
		181,123	181,076	179,123	179,083
Current assets					
Stock	15	32	32	30	30
Trade and other receivables	16	9,672	10,208	10,692	11,183
Investments	17	168	168	156	156
Cash and cash equivalents	18	54,837	52,588	52,069	49,630
		64,709	62,996	62,947	60,999
Less: Creditors: amounts falling due within one year	19	(34,882)	(34,017)	(34,314)	(33,366)
Net current assets		29,827	28,979	28,633	27,633
Total assets less current liabilities		210,950	210,055	207,756	206,716
Creditors: amounts falling due after more than one year	20	(49,275)	(49,275)	(56,412)	(56,412)
Provisions					
Pension provisions	21	(17,864)	(17,864)	(28,520)	(28,520)
Other provisions	21	(574)	(577)	(1)	-
Total net assets		143,237	142,339	122,823	121,784
Restricted Reserves					
Income and expenditure reserve - endowment reserve	22	1,408	1,408	1,393	1,393
Income and expenditure reserve - restricted reserve	23	2,754	2,754	2,306	2,306
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		139,075	138,177	119,124	118,085
Total Reserves		143,237	142,339	122,823	121,784

The financial statements were approved by the Council on 28th November 2018, and were signed on its behalf by the Pro Chancellor and the Vice Chancellor as the principal office holders, as defined in the Financial Memorandum.



Dame Yve Buckland DBE
Pro Chancellor and Chair of Council



Professor Alec Cameron
Vice Chancellor and Chief Executive

Consolidated Cash Flow Statement

For the year ended 31 July 2018

	Notes	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Cash flow from operating activities			
Surplus for the year		9,636	13,599
Adjustment for non-cash items			
Depreciation	11a	10,257	9,215
Amortisation of intangibles	11b	243	232
(Gain) on investments		(58)	(52)
Increase in stock	15	(2)	-
Decrease in receivables	16	1,021	11,377
Decrease in creditors	19	(602)	(10,132)
Increase in pension provision		122	615
Increase/(Decrease) in other provisions	21	573	(117)
Adjustment for investing or financing activities			
Investment income	5	(131)	(240)
Interest payable	8	2,061	2,015
Endowment income	22	(31)	(39)
Loss/(Gain) on the sale of fixed assets		(24)	1
Net cash inflow from operating activities		23,065	26,474
Cash flows from investing activities			
Proceeds from sales of fixed assets		24	1
Disposal of non-current asset investments		(33)	19
Withdrawal of deposits		77	83
Investment income	5	131	240
Payments made to acquire fixed assets		(11,823)	(11,839)
Payments made to acquire intangible assets		(494)	(8)
New deposits	22	(31)	(39)
Net cash outflow from investing activities		(12,149)	(11,543)
Cash flows from financing activities			
Interest paid	8	(2,061)	(2,015)
Endowment cash received	22	31	39
Repayments of amounts borrowed		(6,118)	(1,178)
Capital element of finance lease and service concession payments		-	(12)
Net cash outflow from financing activities		(8,148)	(3,166)
Increase in cash and cash equivalents in the year		2,768	11,765
Cash and cash equivalents at beginning of the year	18	52,069	40,304
Cash and cash equivalents at end of the year	18	54,837	52,069

Consolidated Cash Flow Statement

For the year ended 31 July 2018

	Notes	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Cash flow from operating activities			
Surplus for the year		9,635	13,599
Adjustment for non-cash items			
Depreciation	11a	10,257	9,215
Amortisation of intangibles	11b	243	232
(Gain) on investments		(58)	(52)
Increase in stock	15	(2)	-
Decrease in receivables	16	1,021	11,377
Decrease in creditors	19	(602)	(10,132)
Increase in pension provision		122	615
Increase/(Decrease) in other provisions	21	573	(117)
Adjustment for investing or financing activities			
Investment income	5	(131)	(240)
Interest payable	8	2,061	2,015
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Loss/(Gain) on the sale of fixed assets		(23)	1
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Cash flows from investing activities			
Proceeds from sales of fixed assets		23	1
Disposal of non-current asset investments		(33)	19
Withdrawal of deposits		77	83
Investment income	5	131	240
Payments made to acquire fixed assets		(11,822)	(11,839)
Payments made to acquire intangible assets		(494)	(8)
New deposits	22	(31)	(39)
Net cash outflow from investing activities		(12,149)	(11,543)
Cash flows from financing activities			
Interest paid	8	(2,061)	(2,015)
Endowment cash received	22	31	39
Repayments of amounts borrowed		(6,118)	(1,178)
Capital element of finance lease and service concession payments		-	(12)
Net cash outflow from financing activities		(8,148)	(3,166)
Increase in cash and cash equivalents in the year			
		2,768	11,765
Cash and cash equivalents at beginning of the year	18	52,069	40,304
Cash and cash equivalents at end of the year	18	54,837	52,069

Notes to the Accounts

For the year ended 31 July 2018

1. Tuition Fees and Education Contracts

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Full-time home and EU students	83,863	83,863	79,101	79,101
Full-time international students	21,613	21,613	20,907	20,907
Other Tuition	901	901	1,155	1,155
Research Training Support Grant	1,026	1,026	904	904
	107,403	107,403	102,067	102,067

2. Funding Body Grants

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Recurrent grant				
Higher Education Funding Council	12,868	12,868	13,505	13,505
Capital Grant	1,390	1,390	1,486	1,486
Specific grants				
Higher Education Innovation Fund	1,199	1,199	1,258	1,258
Other	336	336	15	15
	15,793	15,793	16,264	16,264

3. Research Grants And Contracts

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Research councils	3,568	3,568	3,790	3,790
Research charities	1,290	1,290	1,162	1,162
Government (UK)	1,499	1,499	2,462	2,462
Government (Overseas)	6,159	6,159	4,448	4,448
Industry and commerce	1,939	1,939	1,727	1,727
Other	1,850	1,850	994	994
Deferred Grant Income	383	383	160	160
	16,688	16,688	14,743	14,743

Notes to the Accounts

For the year ended 31 July 2018

4. Other Income

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Service Concession Arrangement	-	-	14,646	14,646
Residences, Catering, Conferences, Nursery and Sports and Recreation	8,336	3,019	9,328	4,338
Other revenue grant income and Erasmus Grant	1,174	1,174	1,051	1,051
Rents, and hire of rooms and land	1,132	1,132	965	965
Release of Non HEFCE deferred capital grant	253	253	254	254
Other Income and Services Rendered	5,104	6,196	2,102	3,187
	15,999	11,774	28,346	24,441

5. Investment Income

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Investment income on endowments	29	29	18	18
Investment income on restricted reserves	27	27	27	27
Other investment income	75	75	195	232
	131	131	240	277

6. Donations and Endowments

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
New endowments	31	31	39	39
Donations with restrictions	716	716	647	647
Unrestricted donations	26	26	27	27
	773	773	713	713

Notes to the Accounts

For the year ended 31 July 2018

7. Staff Costs

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Salaries	64,301	63,597	58,968	58,239
Social security costs	8,896	8,820	6,104	6,023
Employer's pension contributions	14,810	14,659	14,417	14,241
Movement on USS provision	(1,190)	(1,190)	(885)	(885)
Other staff costs	1,442	1,430	2,207	2,193
	88,259	87,316	80,811	79,811

Emoluments of the Vice-Chancellor Professor Alec Cameron:

	Year Ended 31 July 2018 £'000	31 October 2016 to 31 July 2017 £'000
Basic Salary	275	245
Dividends	-	-
Performance Related Pay	19	-
of which		
Deferred	-	-
Waived	-	-
Benefits in Kind	-	4
Pension Contributions	43	38
Other taxable benefits	-	-
Non-taxable benefits (Note i)	11	6
	348	293

Note i) Benefit in kind relates to the contractual benefit of two flights for two people to Australia.

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 2017-18 or 2016-17. The University made a benefit replacement payment (classified as Pension Contributions above) 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. Together with other Executive officers the Vice Chancellor has access to an up to 10% bonus. The annual bonus is 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. Decisions on the level of bonus payable are made independently by Remuneration Committee with reference to the agreed performance measures and objectives.

Notes to the Accounts

For the year ended 31 July 2018

7. Staff Costs – Continued

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 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 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.

Head of Provider to median employee pay multiple:

	Year Ended 31 July 2018	Year Ended 31 July 2017
Basic Salary	7.5	7.5
Total Salary	8.0	7.5

The median employee salary figure used to calculate the above ratio is based on the annual full time salary of all included on the Universities 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.

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 2018 £'000	Year Ended 31 July 2017 £'000
Compensation paid for loss of office	399	623
Number of individuals	45	45

Notes to the Accounts

For the year ended 31 July 2018

7. Staff Costs – Continued

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

Basic salary per annum	Year Ended 31 July 2018 Number	Year Ended 31 July 2017 Number
£100,000 to £104,999	3	8
£105,000 to £109,999	6	1
£110,000 to £114,999	3	8
£115,000 to £119,999	5	-
£120,000 to £124,999	1	1
£125,000 to £129,999	1	4
£130,000 to £134,999	4	1
£135,000 to £139,999	-	2
£140,000 to £144,999	2	-
£145,000 to £149,999	-	-
£150,000 to £154,999	-	-
£155,000 to £159,999	-	-
£160,000 to £164,999	-	1
£165,000 to £169,999	1	-
£170,000 to £174,999	1	1
£175,000 to £179,999	-	-
£180,000 to £184,999	-	1
£185,000 to £189,999	1	-
£190,000 to £194,999	-	-
£195,000 to £199,999	-	-
£200,000 to £204,999	-	-
£205,000 to £209,999	-	-
£210,000 to £214,999	-	-
£215,000 to £219,999	-	-
£220,000 to £224,999	-	-
£225,000 to £229,999	-	-
£230,000 to £234,999	-	-
£235,000 to £239,999	-	-
£240,000 to £244,999	-	-
£245,000 to £249,999	-	-
£250,000 to £254,999	-	-
£255,000 to £259,999	-	-
£260,000 to £264,999	-	1
£265,000 to £269,999	1	1
£270,000 to £274,999	1	-
	30	30

Notes to the Accounts

For the year ended 31 July 2018

7. Staff Costs – Continued

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

	2017-18 Number	2016-17 Number
Academic	709	656
Technical	48	50
Administrative	383	354
Clerical, manual and other	399	386
	1,539	1,446

The above excludes staff at Aston Students' Guild and Aston University Engineering Academy, which, in accordance with the accounting policies, is not consolidated into the University's accounts.

Key Management Personnel

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

	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Key Management Compensation	2,968	2,875
	2,968	2,875



Notes to the Accounts

For the year ended 31 July 2018

8. Interest and Other Finance Costs

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Loan interest	1,479	1,445	1,450	1,450
Net charge on pension schemes	582	582	565	565
	2,061	2,027	2,015	2,015

9. Analysis of Total Expenditure by Activity

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Academic and Related Expenditure	73,895	73,895	67,780	67,780
Administration and Central Services	31,010	31,009	28,605	28,641
Service Concession Arrangement	-	-	14,919	14,919
Premises	15,595	15,595	15,042	15,042
Residences, Catering and Conferences	5,759	1,403	5,702	1,902
Research Grants and Contracts	11,929	11,929	11,172	11,172
Other Expenses	9,072	9,035	5,583	5,583
	147,260	142,866	148,803	145,039

Other Expenses include:

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
External auditors remuneration:				
Audit services	46	42	46	42
Non-audit services	2	2	-	-
Operating lease rentals	247	224	133	133
Maintenance of land and buildings	4,667	4,667	5,123	5,123

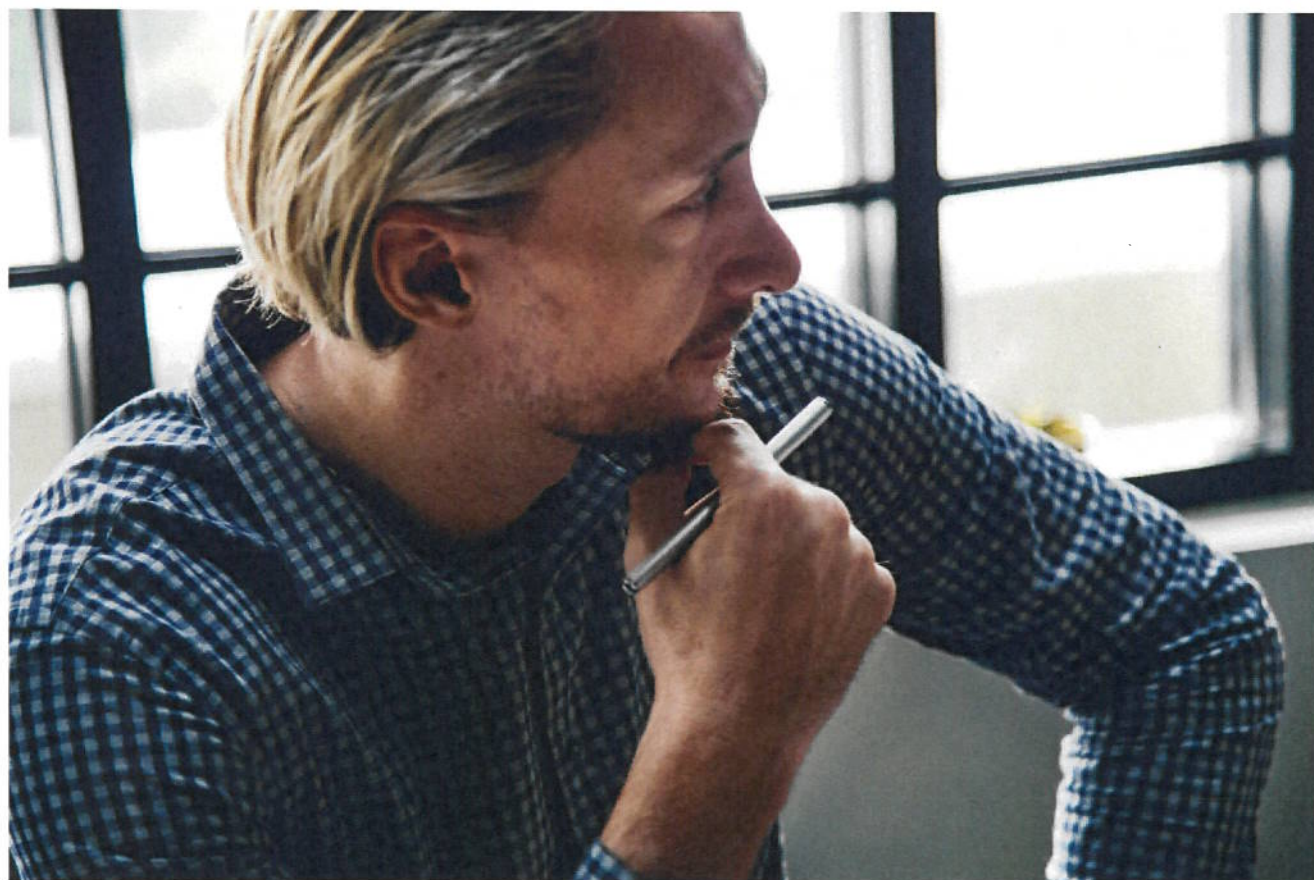
Notes to the Accounts

For the year ended 31 July 2018

10. Taxation

Recognised in the statement of comprehensive income

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Current tax				
Current tax expense	111	-	135	-
Adjustment in respect of previous years	(135)	-	(107)	-
Current tax expense	(24)	-	28	-
Deferred tax				
Origination/reversal of timing differences	(3)	-	(6)	-
Reduction in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
Deferred tax expense	(3)	-	(6)	-
Total tax expense	(27)	-	22	-



Notes to the Accounts

For the year ended 31 July 2018

11a. Fixed Assets

Consolidated	Freehold Land and Buildings £'000	Buildings in the Course of Construction £'000	Equipment £'000	Equipment Work in Progress £'000	Total £'000
Cost or valuation					
At 1 August 2017	174,430	6,976	57,258	1,564	240,228
Additions	-	9,565	789	1,619	11,973
Transfers	9,720	(10,017)	2,760	(2,463)	-
Disposals	-	-	(98)	-	(98)
At 31 July 2018	184,150	6,524	60,709	720	252,103
Depreciation					
At 1 August 2017	18,630	-	43,587	-	62,217
Charge for the year	6,504	-	3,753	-	10,257
Disposals	-	-	(98)	-	(98)
At 31 July 2018	25,134	-	47,242	-	72,376
Net Book Value					
At 31 July 2018	159,016	6,524	13,467	720	179,727
At 31 July 2017	155,800	6,976	13,671	1,564	178,011

University	Freehold Land and Buildings £'000	Buildings in the Course of Construction £'000	Equipment £'000	Equipment Work in Progress £'000	Total £'000
Cost or valuation					
At 1 August 2017	174,430	6,976	56,954	1,564	239,924
Additions	-	9,565	756	1,618	11,939
Transfers	9,720	(10,016)	2,760	(2,464)	-
Disposals	-	-	(97)	-	(97)
At 31 July 2018	184,150	6,525	60,373	718	251,766
Depreciation					
At 1 August 2017	18,630	-	43,323	-	61,953
Charge for the year	6,504	-	3,727	-	10,231
Disposals	-	-	(98)	-	(98)
At 31 July 2018	25,134	-	46,952	-	72,086
Net Book value					
At 31 July 2018	159,016	6,525	13,421	718	179,680
At 31 July 2017	155,800	6,976	13,631	1,564	177,971

At 31 July 2018, freehold land and buildings includes £50.0m (2016: £50.0m) in respect of freehold land which is not depreciated.

Notes to the Accounts

For the year ended 31 July 2018

11b. Intangible Assets

Software	Consolidated	University
	£'000	£'000
At 1 August 2017	329	329
Additions in the year	494	494
Amortisation charge for the year	(243)	(243)
At 31 July 2018	580	580

12. Heritage Assets

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

Consolidated and University	2017-18	2016-17
	£'000	£'000
Heritage Assets brought forward	709	709
Acquisitions purchased with specific donations	-	-
Acquisitions purchased with University funds	-	-
Total cost of acquisitions purchased	-	-
Value of acquisitions by donation	-	-
Heritage Assets carried forward	709	709

13. Service Concession Arrangements

The University has no on Balance Sheet arrangements.

On 21st April 2008 the University entered into a 37 year contract (as amended) with a third party provider for the provision and maintenance of student accommodation providing accommodation for over 3,000 students.

This arrangement ceased in 2016/17.

The total debtor of the service concession included in the Balance Sheet as at 31 July 2018 is £nil (2017: £nil).

The total liabilities of the service concession included in the Balance Sheet as at 31 July 2018 were £nil (2017: £nil).

Notes to the Accounts

For the year ended 31 July 2018

14. Fixed Asset Investments

Consolidated	Subsidiary Investment in	Other fixed	Total	
	companies	spinouts		assets investments
	£'000	£'000	£'000	
At 1 August 2017	-	2	72	74
Additions	-	50	-	50
Disposals	-	-	(17)	(17)
Impairment	-	-	-	-
At 31 July 2018	-	52	55	107

University	£'000	£'000	£'000	£'000
At 1 August 2017	-	2	72	74
Additions	-	50	-	50
Disposals	-	-	(17)	(17)
Impairment	-	-	-	-
At 31 July 2018	-	52	55	107

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

For the year ended 31 July 2018

14. Fixed Asset Investments - Continued

The University has minority interests in the following companies:

Other fixed asset investments consist of :	As at 31 July 2018 £
Subsidiary Companies*:	
Conference Aston Limited	1
Optimus Energy Limited	1
EBRI (UK) Limited	1
Aston University Consulting Limited	1
Investment in Spinout Companies:	
Aston Eyetech Limited	895
Aston Particle Technologies Limited	1
Grid Edge Limited	50,470
Other Fixed Asset Investments:	
Sapere Systems Limited	-
CVCP Properties Limited	31,539
Tiziana Life Sciences Plc	5,024
Mercia Technologies Plc	18,693
Consolidated Total	106,626
University Total	106,626

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

Notes to the Accounts

For the year ended 31 July 2018

15. Stock

	As at 31 July 2018		As at 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
General consumables	32	32	30	30
	32	32	30	30

16. Trade and Other Receivables

	As at 31 July 2018		As at 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research grants receivables	3,297	3,297	2,602	2,602
Trade receivables	3,477	2,986	4,373	3,656
Prepayments and accrued income	2,898	2,868	3,717	3,674
Amounts due from subsidiary companies	-	1,057	-	1,251
	9,672	10,208	10,692	11,183

17. Investments

	As at 31 July 2018		As at 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Short Term Investment in Unit Trust	168	168	156	156
	168	168	156	156

Aston University has an investment of £168k in Hermes Property Unit Trust. The investment can be redeemed annually on 26 March, 25 June, 30 September and 26 December and therefore as the cash is not instantly accessible, it is deemed to be a short term investment.

Notes to the Accounts

For the year ended 31 July 2018

18. Cash and Cash Equivalents

Consolidated	At 1st August	Cash	At 31st July
	2017	Flows	2018
	£'000	£'000	£'000
Cash and cash equivalents	52,069	2,768	54,837
	<u>52,069</u>	<u>2,768</u>	<u>54,837</u>

University	At 1st August	Cash	At 31st July
	2017	Flows	2018
	£'000	£'000	£'000
Cash and cash equivalents	49,630	2,958	52,588
	<u>49,630</u>	<u>2,958</u>	<u>52,588</u>

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



Notes to the Accounts

For the year ended 31 July 2018

19. Creditors: Amount Falling Due Within One Year

	As at 31 July 2018		As at 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Secured Loans	1,147	1,147	1,254	1,254
Unsecured Loans	7	7	7	7
Research Grants and Contracts in advance	7,268	7,268	7,160	7,160
Obligations under finance leases	235	235	235	235
Accruals and deferred income	16,486	15,807	14,853	14,376
Other Taxation and social security	2,267	2,156	2,228	2,093
Other creditors	6,620	6,545	8,167	7,831
Repayment of pension fund deficit	852	852	410	410
	34,882	34,017	34,314	33,366

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 2018		As at 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Research grants received on account	7,268	7,268	7,160	7,160
Capital grant income	1,999	1,999	1,866	1,866
Other income	5,354	5,028	5,312	5,238
	14,621	14,295	14,338	14,264

Notes to the Accounts

For the year ended 31 July 2018

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

	As at 31 July 2018		As at 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred income	18,599	18,599	19,045	19,045
Obligations under finance lease	172	172	426	426
Repayment of pension fund deficit	-	-	426	426
Secured loans	30,493	30,493	36,497	36,497
Unsecured loans	11	11	18	18
	49,275	49,275	56,412	56,412

Analysis of secured and unsecured loans

	As at 31 July 2018		As at 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Due within one year or on demand (Note 19)	1,154	1,154	1,261	1,261
Due between one and two years	1,189	1,189	1,440	1,440
Due between two and five years	3,802	3,802	4,538	4,538
Due in five years or more	25,513	25,513	30,537	30,537
Due after more than one year	30,504	30,504	36,515	36,515
Total secured and unsecured loans	31,658	31,658	37,776	37,776
Secured loans repayable by 2037	31,640	31,640	37,751	37,751
Unsecured loans	18	18	25	25
	31,658	31,658	37,776	37,776

The 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.

Lender	Principal Amount £'000	Interest rate %	Term	Borrower
Barclays Bank Plc	40,000	3.86	2037	University
Salix	286	0.00	2020	University
	40,286			

Notes to the Accounts

For the year ended 31 July 2018

21. Provisions For Liabilities

Consolidated

	Obligation to fund deficit on USS Pension £'000	Obligation to fund deficit on AUPS Pension £'000	Pension enhancement on Termination £'000	West Midlands Pension Fund Provision £'000	Total Pension Provision £'000	Redundancy Provision £'000	Insurance and Tax Provisions £'000	Total Other £'000
At 1 August 2017	18,662	9,800	-	58	28,520	-	1	1
Utilised in year	-	-	(10)	-	(10)	-	(5)	(5)
Additions	-	-	10	(9)	1	576	2	578
Additions for actuarial gain	(847)	(9,800)	-	-	(10,647)	-	-	-
At 31 July 2018	17,815	-	-	49	17,864	576	(2)	574

University

	Obligation to fund deficit on USS Pension £'000	Obligation to fund deficit on AUPS Pension £'000	Pension enhancement on Termination (a) £'000	West Midlands Pension Fund Provision (b) £'000	Total Pension Provision £'000	Redundancy Provision £'000	Insurance and Tax Provisions £'000	Total Other £'000
At 1 August 2017	18,662	9,800	-	58	28,520	-	-	-
Utilised in year	-	-	(10)	-	(10)	-	(1)	(1)
Additions	-	-	10	(9)	1	576	2	578
Additions for actuarial gain	(847)	(9,800)	-	-	(10,647)	-	-	-
At 31 July 2018	17,815	-	-	49	17,864	576	1	577

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

For the year ended 31 July 2018

22. Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Expendable endowments £'000	2017-18 Total £'000	2016-17 Total £'000
Balances at 1 August 2017				
Capital	985	140	1,125	1,056
Accumulated income	245	23	268	245
	1,230	163	1,393	1,301
New endowments	-	31	31	39
Investment income	16	13	29	18
Expenditure	(53)	(59)	(112)	(53)
(Decrease)/increase in market value of investments	28	39	67	86
Transfers in year	(529)	529	-	2
Total endowment comprehensive income for the year	(538)	553	15	92
At 31 July 2018	692	716	1,408	1,393
Represented by:				
Capital	560	548	1,108	1,125
Accumulated income	125	175	300	268
	685	723	1,408	1,393
Analysis by type of purpose:				
Academic chairs	-	578	578	639
Scholarships and bursaries	570	69	639	575
Prize funds	16	59	75	70
General	99	17	116	109
	685	723	1,408	1,393
Analysis by asset:				
Current and non-current asset investments			168	156
Cash & cash equivalents			1,240	1,237
			1,408	1,393

Deficit Balances

Aston University did not have any permanent endowments in deficit in either the 2017-18 or 2016-17 financial years.

Notes to the Accounts

For the year ended 31 July 2018

23. Restricted Reserves

	Unspent Capital Grants £'000	Restricted Donations £'000	2017-18 Total £'000	2016-17 Total £'000
Balances at 1 August 2017	-	2,306	2,306	2,148
New grants	127	-	127	1,316
New donations	-	716	716	647
Investment income	-	27	27	27
Capital grants utilised	(127)	-	(127)	(1,316)
Expenditure	-	(295)	(295)	(514)
Transfer in year	-	-	-	(2)
At 31 July 2018	-	2,754	2,754	2,306

	2017-18 Total £'000	2016-17 Total £'000
Analysis of Other Restricted Funds / Donations by Type:		
Academic chairs	116	168
Scholarships and bursaries	1,097	853
Prize funds	27	23
General	1,514	1,262
At 31 July 2018	2,754	2,306

Notes to the Accounts

For the year ended 31 July 2017

24. Pension Schemes

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), Scottish Widows Pension Scheme (SWPS, from 1st April 2018) 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:

	2017-18	2016-17
	£000	£000
Contributions to USS	13,773	12,630
Contributions to AUPS	1,823	1,698
Contributions to SWPS	449	-
NEST and other pension contributions	180	89
Total Pension Cost	16,225	14,417

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

	2017-18	2016-17
	£000	£000
USS	(16)	1,111
AUPS	-	139
SWPS	111	-
	95	1,250

Notes to the Accounts

For the year ended 31 July 2018

24. Pension Schemes – Continued

USS

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

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The 2018 funding update showed that the value of the assets of the scheme was £63.6 billion and the value of the scheme's technical provisions was £75.7 billion indicating a shortfall of £12.1 billion. The assets therefore were sufficient to cover 84% of the benefits which had accrued to members after allowing for expected future increases in earnings.

In accordance with the requirements of the SORP, the University currently recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme (USS). The recovery plan in the 2014 actuarial valuation requires employers to contribute 2.1% of salaries towards repairing the deficit over a period of 17 years, of which 14 years remain. Details of the movements of this provision, which has been discounted at a rate of 2.21% as at 31 July 2018, are included in note 21 to the financial statements.

The 2017 actuarial valuation of USS has been undertaken but this has not yet been formally completed. The 2017 valuation has set out the challenges currently facing the scheme and the likelihood of significant increases in contributions being required to address these challenges.

In the judgement of the University, as the 2017 valuation has not formally completed, and there remains various stages of consultation around the key factors specifically relating to the funding of the past deficit, including the level of contributions required, the period of the recovery plan and the level of asset performance over the period, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation.

However, there is a risk that the year-end provision as calculated will not reflect the position following the final outcome of negotiations, although it is not possible to quantify the amount as this depends upon the final agreement with regards to future deficit contributions and their duration. The University expects to have greater clarity in this respect during the next financial year.

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

	2017-18	2016-17
Discount Rate	2.64%	2.57%
Pensionable salary growth	-	-
Pensions Increases (CPI)	2.02%	2.41%

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

Male members' mortality	96.5% of S1NMA ["light"] YoB tables
Female members' mortality	101.3% of RFV00 YoB tables

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2013 projections with a 1.0% pa long-term rate were also adopted.

Notes to the Accounts

For the year ended 31 July 2018

24. Pension Schemes – Continued

USS - Continued

The current life expectancies on retirement at age 65 are:

	2017-18	2016-17
Males currently aged 65 years	24.5	24.4
Females currently aged 65 years	26.0	26.6
Males currently aged 45 years	26.5	26.5
Females currently aged 45 years	27.8	29.0

	2017-18	2016-17
Scheme assets	£63.6bn	£60.0bn
Total scheme liabilities	£72.0bn	£77.5bn
FRS 102 total scheme deficit	£8.4bn	£17.5bn
FRS 102 total funding level	88%	77%

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 2018 by a qualified independent actuary (Hymans Robertson LLP). The material assumptions and other data used by the actuary were:

	2017-18	2016-17
Salary scale increases per annum	2.65%	2.75%
Pension increases per annum (post 1.9.90 joiners)	3.05%	3.15%
Pension increases per annum (pre 1.9.90 joiners)	3.60%	3.65%
Discount rate	2.80%	2.60%
Consumer Price inflation	2.15%	2.25%
Retail Price inflation	3.15%	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

For the year ended 31 July 2018

24. Pension Schemes – Continued

The current mortality assumptions include sufficient allowance for future improvements in the mortality rates, adopting the CMI 2013 projections with a 1% pa long term trend. The assumed life expectancies on retirement at age 65 are:

	2017-18	2016-17
Retiring today		
Males	21.0	20.9
Females	23.5	23.5
Retiring in 20 years		
Males	22.6	22.5
Females	25.7	25.6

	Fund Value at 31 July 2018 £000	Fund Value at 31 July 2017 £000
Scheme assets and assumptions on investment returns:		
Equity securities	55,220	50,899
Debt securities - corporate	14,728	13,983
Debt securities - government	25,337	23,960
Cash and cash equivalents	446	644
Real estate	8,284	7,596
Insurance contracts	-	19
	104,015	97,101

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:

	2017-18 £000	2016-17 £000
Total value of assets	104,015	97,101
Actuarial value of liabilities	(104,015)	(106,901)
Surplus over funded scheme liabilities	-	(9,800)

Notes to the Accounts

For the year ended 31 July 2018

24. Pension Schemes – Continued

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

	2017-18 £000	2016-17 £000
Current service cost	1,921	2,630
Administration cost	641	596
Total Operating Charge	2,562	3,226

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

	2017-18 £000	2016-17 £000
Interest income on scheme assets	2,509	2,168
Interest payable on scheme liabilities	(2,748)	(2,391)
Net Interest on Net Defined Benefit Liability	(239)	(223)

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

	2017-18 £000	2016-17 £000
Actual return on assets excluding amounts included in net interest	5,631	7,501
Actuarial losses on scheme obligations	5,147	(5,622)
Re-measurement gain in scheme	10,778	1,879

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

	2017-18 £000	2016-17 £000
Opening Defined Benefit Obligation	106,901	99,017
Current Service Cost	1,921	2,630
Administration Cost	641	596
Interest Cost	2,748	2,391
Contributions by Scheme Participants	10	17
Actuarial Losses	(5,147)	5,622
Benefits Paid	(3,059)	(3,372)
Closing Defined Benefit Obligation	104,015	106,901

Notes to the Accounts

For the year ended 31 July 2018

24. Pension Schemes – Continued

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

	2017-18 £000	2016-17 £000
Opening Fair Value of Scheme Assets	97,101	88,712
Interest Income	2,509	2,168
Contributions by Aston University	1,823	2,076
Contributions by Scheme Participants	10	17
Actual Return on Assets Excluding Amounts Included in Net Interest	5,631	7,500
Benefits Paid	(3,059)	(3,372)
Closing Fair Value of Scheme Assets	104,015	97,101

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.

25. Fees Paid To External Auditor

Fees paid to the University's external auditor for the provision of audit services amounted to £42,400 for the University and £4,100 for its subsidiary company (2016-17: £41,500 for the University and £4,000 for its subsidiary company). Fees to the auditors for the provision of non-audit services amounted to £2,200 for the University and £nil for the subsidiary company (2016-17: £2,150 for the University and £nil for the subsidiary company).

Notes to the Accounts

For the year ended 31 July 2018

26. Capital, Other Commitments And Contingent Liabilities

Provision has not been made for the following capital commitments at 31 July 2018:

	31 July 2018		31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	10,698	10,698	5,514	5,514
	<u>10,698</u>	<u>10,698</u>	<u>5,514</u>	<u>5,514</u>

Contingent Liabilities at 31 July 2018:

	31 July 2018		31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Highways Act 1980 Bond	31	31	31	31
	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>

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

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

27. Lease Obligations

Total rentals payable under operating leases:

	31 July 2018		31 July 2017	
	Other leases £'000	Total £'000	Other leases £'000	Total £'000
Future minimum lease payments due:				
Less than 1 year	338	338	205	205
Between 1 year and 5 years	560	560	388	388
Later than 5 years	-	-	-	-
Total lease payments due	<u>898</u>	<u>898</u>	<u>593</u>	<u>593</u>

Notes to the Accounts

For the year ended 31 July 2018

28. Subsidiary Undertakings

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

Company	Principal activity	Status	Note
Conference Aston Limited	Management of conference and hotel facilities.	100% owned	14
Optimus Energy Limited	Dormant	100% owned	14
EBRI (UK) Limited	Dormant	100% owned	14
Aston University Consulting Limited	Dormant	100% owned	14

29. Financial Instruments

Risk Management

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

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

Credit risk

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

The University's credit risk arises from bank balances, investments, student debtors and commercial organisations as customers. Management of credit risk is a prime objective of the Treasury Management Policy. At 31 July 2018, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

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

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

Notes to the Accounts

For the year ended 31 July 2018

29. Financial Instruments - Continued

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

For the year ended 31 July 2018

30. 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 2017-18, as well as performing an online check via Creditsafe.

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

	Income Transactions £000	Expenditure Transactions £000	Balance due to / (from) the University £000
Aston Students' Union	-	824	-
Birmingham Children's Hospital	317	58	-
Capgemini UK PLC	789	-	-

Aston Students' Union

One member of Council is an employee.

Birmingham Children's Hospital

One member of Council is on the Board.

Capgemini UK PLC

One member of Council is an employee.

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 2018 and 2017.