

# **Assessment and Qualifications Alliance Limited**

(a company limited by guarantee)

**Accounts for the year ended 30 September 2005  
together with directors' report and auditors' report**

**Registered company number 3644723**

**Registered charity number 1073334**

**[www.aqa.org.uk](http://www.aqa.org.uk)**



# Assessment and Qualifications Alliance Limited

## Registered Office and Advisors

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### REGISTERED OFFICE

Assessment and Qualifications Alliance  
Devas Street  
Manchester  
M15 6EX

### PRINCIPAL ADDRESSES

**Guildford**  
Stag Hill House  
Guildford  
Surrey  
GU2 7XJ

**Manchester**  
Devas Street  
Manchester  
M15 6EX

**Harrogate**  
31-33 Springfield Avenue  
Harrogate  
HG1 2HW

### AUDITORS

PKF (UK) LLP  
Sovereign House  
Queen Street  
Manchester  
M2 5HR

### BANKERS

National Westminster Bank plc  
Blackwater Valley Service Centre  
282 Farnborough Road  
Farnborough  
Hants  
GU14 7YT

### SOLICITORS

Addleshaw Goddard  
100 Barbirolli Square  
Manchester  
ME2 3AB

**WEBSITE** [www.aqa.org.uk](http://www.aqa.org.uk)

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# Assessment and Qualifications Alliance Limited

## Directors' Report

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### Introduction

The Directors, who are also AQA Trustees and constitute the members of the Company, present their annual report, together with the accounts and auditors' report, for the year ended 30 September 2005.

The Assessment and Qualifications Alliance (AQA) is a company limited by guarantee not having a share capital and is governed by its Memorandum and Articles of Association. It is also a registered charity.

### Charitable Objects

AQA's Charitable Objectives are:

To advance education for the benefit of the public including, without limitation, by the preparation, validation, accreditation, conduct and administration of:

- examinations for the award of General Certificate of Education, General Certificate of Secondary Education and General National Vocational Qualifications or such other certificate or certificates as may be substituted for them; and
- any other tests, examinations or other systems of assessing and recording academic or other achievement.

### Principal Activities and Business Review

AQA provides a wide range of qualifications which play a key part in establishing and maintaining educational standards in the UK. The qualifications include GCE AS/A level, Applied GCE, GCSE, Applied GCSE, Advanced VCE, Key Skills, Access to Higher Education and the Unit Award Scheme.

AQA has had a very successful year. The setting, marking and reporting of our examinations once again proceeded smoothly, amply demonstrating the commitment of examiners and AQA staff to continuous improvement.

AQA's operation of the contract to mark the National Curriculum Tests (NCT) ended in October 2004. This accounts for most of the reduction in income received in the year to 30 September 2005.

AQA has made rapid progress with the application of modern technology to our work during the past year – we continued to develop e-AQA, our free web-based service to centres, extending it to enable candidates' results to be viewed earlier online, and developed electronic applications for a wider range of our services. e-AQA has proved very popular and its development will continue: in the coming year there will be a major focus on helping centres deal with examination entry processes.

We have also greatly increased our use of modern technology in the assessment process itself. Electronic mark capture allows examiners to submit their marks for scripts electronically, removing the need for post. This year, we collected 30 million marks electronically from our examiners. We substantially increased the number of students' answers (scripts) that we mark on screen using scanned images. During summer 2005 over 400,000 scripts were marked electronically. There are great potential benefits from the use of electronic marking systems which allow us to ensure that the rigorous marking of our expert examiners is even more closely monitored for consistency. We have invested substantially in training and supporting examiners using these new systems. Drop-in sessions have been held across the country, and we provide a telephone help desk, a training Website and documentation. In 2006, we plan further substantial increases in the volume of our work using electronic marking systems.

On-screen assessment is also being extended. We provide on-screen Basic and Key Skills Tests to an expanding number of centres. There will be new subjects in other qualifications offering on-screen assessment, such as our new GCSE Science A specification which will give centres the option of taking GCSE tests on-screen for the first time.

We are also developing web-based support material for our new GCSE specifications in Science and Mathematics, including the potential for virtual learning environments in centres.

# Assessment and Qualifications Alliance Limited

## Directors' Report

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The take-up of the new web-based services has been significant.

We have continued to work with QCA/NAA on the modernisation of the qualifications system, which this year included the provision of a new national script collection service for centres, and telephone support for examiners and schools and colleges using this service. More generally, we have continued to support schools and colleges in their work, holding in excess of 1,300 teacher support meetings, attended by 26,500 teachers in 2004/05.

### Results

The Directors have decided to update AQA's accounting policies by adopting FRS 17 "Retirement Benefits" for the 2004/05 accounts. As the adoption of FRS 17 has a significant impact on the Statement of Financial Activities and the Balance Sheet, prior year figures have been restated. The Statement of Financial Activities on page 10 shows income for the year from examination and other activities of £134,792,700 (2004 £151,161,344). Total Resources Expended for the year was £124,386,668 (2004 £146,545,514), resulting in an operating surplus before restructuring costs of £10,406,032 (2004 £4,615,830). After taking into account the restructuring costs of £nil (2004 £3,217,914) and net realised gains on investments of £376,535 (2004 £647,489), AQA's Net Incoming Resources were £10,782,567 (2004 £2,045,405). After further taking into account the net unrealised gains on investments and the actuarial loss on pension funds, AQA's overall funds increased by £13,378,711 (2004 £2,198,233) to £47,406,153 (2004 £34,027,442).

### Reserves Policy

Based on a detailed review of Reserves Policy undertaken in 2003/04 it had been the long term aim of the Council to increase Reserves to £80 million. Following the review of accounting policies and the decision to adopt FRS 17 a further review of Reserves Policy was undertaken. Net pension liabilities based on the FRS17 definition are now reflected in the Balance Sheet rather than being off Balance Sheet. These amounted to £26.3 million (2004 £23.1 million). Therefore it is considered appropriate to reduce the long term target level of Reserves to £60 million. It is considered that this level of reserves is required in order to maintain the Accumulated Fund at a level sufficient to ensure financial stability whilst avoiding significant fluctuations in examination fees, to enable significant expenditure from time to time in such strategic areas as the development of new examination specifications and the enhancement of computer systems and to provide for further potential pension liabilities. During 2005/06 AQA will be reviewing its pension scheme arrangements and implementing changes indicated by the review.

The Council has set a target to increase reserves by a minimum of £2 million per annum until the long term target is attained. The surplus generated in 2004/05 exceeds this minimum level.

The Council considers that the Reserves of AQA constitute a single unrestricted fund.

### Policy for People with Disabilities

AQA is an equal opportunities employer. As such, it supports the employment of people with a disability wherever possible, both in recruitment and in the retention of employees becoming disabled during their employment, as well as more generally through training and career development. Following the implementation of the Disability Discrimination Act AQA has reviewed all aspects of its operations and initiated a programme of improvements.

### Communication with Employees

AQA provides employees with relevant information and seeks their views on matters of common concern. This is typically done through announcements, in-house newsletters, bulletins and dissemination of information via departmental meetings. Additionally during 2004/05 a programme of Annual Staff Meetings and regular Team Briefings was commenced. Extensive use is made of the AQA Intranet to ensure staff are fully informed of latest developments and performance of the organisation. Employee surveys are undertaken to supply valuable feedback on the effectiveness of communications.

Formal discussions with staff are held through a Joint Unions Committee.

# Assessment and Qualifications Alliance Limited

## Directors' Report

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### Charitable Assets

The Directors are of the opinion that the charity's assets are available and adequate to fulfil the obligations of the charity. In the opinion of the Directors the market value of the Land and Buildings is at least equivalent to the book value. In the absence of any valuation any potential excess or shortfall cannot be quantified.

### Risk Management

High level risk plans have been developed for all departments. The risk plans are monitored by the Senior Management and a report is provided to the Audit Committee and the Council annually.

Extensive employee training has been undertaken to ensure the effectiveness of AQA's risk management processes

An Internal Audit Unit works with AQA managers to map high and low-level business processes and to identify risks. The Unit works with managers to develop an action plan to mitigate or remove the risks and monitors the action plan at regular intervals. Council, the Audit Committee and the QAC all receive reports from the Unit.

The Audit Committee reports directly to the Council. The committee comprises Trustees and two independent members. It reviews AQA's internal controls and procedures (financial and non financial) and considers the results of AQA's high level risk assessment.

A Quality Assurance Committee (QAC) also reports directly to the Council. The Committee comprises Trustees and independent members and is chaired by an independent member. The Committee meets twice a year to discuss quality assurance and risk management issues.

### Investments

Trustees are empowered to invest AQA's funds not immediately required for its day to day activities as seen fit and in accordance with the law. Investments are diversified to reduce risk and are balanced between long-term capital growth and income generation. Specific targets for both income generation and capital growth have been agreed with all of the Fund Managers. AQA takes professional investment advice on all its investment decisions.

An Investment Sub-committee of the Finance Committee receives quarterly reports from the Fund Managers and meets regularly on a tri-annual basis with the professional investment advisers Deloitte PCS Limited to review performance.

All Fund Managers have been set performance targets to be achieved over a rolling five year period. During the year all Fund Managers performed ahead of the target.

### Corporate Governance

The Council of AQA, which is also, for company law purposes, the board of directors, has ultimate responsibility for the company's activities and exercises its powers through the Director General.

All Council members are required annually to complete a Register of Interests declaration and to declare any potential conflict of interest at the commencement of each meeting they attend. This also applies to Committee or Sub-committee members who are not Council members.

AQA's Articles of Association provide for a Council and a range of committees.

AQA's committees provide forums for considering issues relating to administration, finance, services and the specifications AQA offer. This ensures individuals with an interest and a breadth of experience in teaching and assessment can participate in the work of AQA alongside those with commercial, operational and technical skills.

The Finance Committee is responsible for the financial management of the company, including recommending AQA's budget for approval and monitoring performance against the budget.

# Assessment and Qualifications Alliance Limited

## Directors' Report

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The Audit Committee recommends the annual statutory accounts for approval and reviews related ancillary matters. External auditors also attend Audit Committee meetings.

*The Staffing Committee is responsible for staffing policy and AQA's Conditions of Employment.*

The Information Technology Advisory Group is responsible for advising on policy and budgets relating to the development of organisation-wide ICT systems.

The Education and Training Committee is responsible for approving AQA's specifications and policy on all education related matters. Members are representatives from schools/colleges, teacher associations and higher education institutions.

The Research Committee is responsible for approving AQA's research policy and research papers for publication.

The Quality Assurance Committee is a forum for outside members to inspect AQA's business. Five of the seven members are independent of AQA and are appointed following public advertisement.

The Access Management Group is responsible, alongside the Access Advisory Group, for maintaining AQA's Access Validating Authority (AVA) for Access to Higher Education courses.

The Council has also established a number of other committees responsible for specific areas of work including an Irregularities Sub-Committee which advises the Education and Training Committee and deals with serious cases of malpractice; six Regional Committees providing a forum for teachers in a particular region to exchange views with AQA officers and a means of keeping in touch with developments, and twenty two Subject Advisory Committees consisting mainly of teachers from AQA centres that feed into examinations development.

The Council Business Group, consisting of a small number of Trustees and the Director General, operates as a clearing house for time critical decisions on behalf of the Council, a preliminary review group on strategic issues and special studies and in addition it acts as an advisory group to the Director General.

The day to day business of AQA is carried out by the Director General, Dr Mike Cresswell and a team of six specialist managers - Andrew Bird, John Milner, John Mitchell, Robert Cox, Carolyn Adams and Peter Dawson.

During the year Council initiated a complete review of AQA's Corporate Governance structure. The purpose of the review is to update the Corporate Governance structure as necessary to be consistent with best practice and to ensure that it remains fully aligned to the ever developing needs of the organisation. The new structure will be presented for Council approval in Spring 2006.

# Assessment and Qualifications Alliance Limited

## Directors' Report

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### Additional Information

AQA publishes an Annual Review. This is a more detailed review of the operations of AQA. Copies can be obtained from the AQA Logistics Centre (Manchester), Unit 2, Wheel Forge Way, Ashburton Park, Trafford Park, Manchester, M17 1EH or via e-mail at [mailbox@aqa.org.uk](mailto:mailbox@aqa.org.uk). The Annual Review is also available on the AQA website.

The AQA website contains up to date information on the management structure, the specifications, examination timetables, events, teacher support, examiner recruitment, publications and all other areas of the organisation. The website address is [www.aqa.org.uk](http://www.aqa.org.uk).

### Directors

Mrs D L Cavanagh (Chair)		Mr A Gatehouse	
Dr J Ash	(retired 31.3.05)	Mr G Glyn	
Mr C Baker		Mr V B Guthrie	
Mr P Baker	(appointed 1.4.05)	Mr D Hawker	(retired 11.2.05)
Mr D F Birchall		Professor P J Layzell	
Mr A J Booth CBE (Vice Chair)		Mrs S Lupton	(appointed 1.4.05)
Mr S Bradford	(retired 6.6.05)	Dr P R Mason	
Mrs D P Chambers		Mr M Oldham	
Mr B Cookson		Professor P Preece	
Mr H Darby	(appointed 1.4.05)	Mrs S Rogers	
Mrs A Dell	(appointed 1.4.05)	Mr A E D Starr	
Mr P Galsworthy		Mr F Sumner	
		Professor M P Williamson	

A number of the Directors serve on Governance and Consultative committees. Directors are Chairs of the following committees:

Finance	Mr D F Birchall
Audit	Mr F Sumner
Education & Training	Mrs S Rogers
Research	Professor P Preece
Staffing	Mr D F Birchall
Access Management	Mr C Baker

### Appointment of Auditors

On 23 May 2005, AQA's auditors, PKF, transferred their business to PKF (UK) LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly PKF resigned as auditors and the trustees appointed PKF (UK) LLP as their successor.

A resolution for the reappointment of PKF (UK) LLP will be proposed at the annual meeting for the ensuing year.

### By order of the Council



Mrs D L Cavanagh  
Chair of the Council

17 March 2006

# Assessment and Qualifications Alliance Limited

## Statement of Directors' Responsibilities

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AQA is a company limited by guarantee and a registered charity. Members of the Council are responsible for the management of AQA and are therefore both its company directors and charity trustees.

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of the company and of the incoming and outgoing resources and other recognised gains of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.



# Assessment and Qualifications Alliance Limited

## Auditors' Report

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### **Independent Auditors' Report to the members of the Assessment and Qualifications Alliance**

We have audited the financial statements of the Assessment and Qualifications Alliance for the year ended 30 September 2005 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The responsibilities of the directors (who also act as trustees for the charitable activities of the Assessment and Qualifications Alliance) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

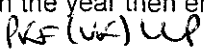
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 30 September 2005 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**PKF (UK) LLP**  
**Registered Auditors**

Manchester

17 March 2006

# Assessment and Qualifications Alliance Limited

## Statement of Financial Activities for the year ended 30 September 2005

		2005	2004 (as restated)
	Notes	£	£
<b>Incoming Resources</b>			
Examination income	3	122,371,411	139,130,203
Other income	4	9,681,120	10,056,941
Net investment income	5	2,740,169	1,974,200
		<hr/>	<hr/>
Total Incoming Resources		134,792,700	151,161,344
		<hr/>	<hr/>
<b>Resources Expended</b>			
Cost of generating funds	6	57,477	49,855
Charitable expenditure:			
Costs of activities in furtherance of the charity's objects	7	65,493,846	86,388,795
Support costs	8	57,928,838	59,319,142
Management and administration	9	906,507	787,722
		<hr/>	<hr/>
Total Resources Expended		124,386,668	146,545,514
		<hr/>	<hr/>
<b>Net Incoming Resources before Revaluations and Investment Asset Disposals and before Restructuring Costs</b>		10,406,032	4,615,830
Restructuring costs	10	-	3,217,914
		<hr/>	<hr/>
<b>Net Incoming Resources before Revaluations and Investment Asset Disposals</b>	12	10,406,032	1,397,916
Net realised gains on investments	14(b)	376,535	647,489
		<hr/>	<hr/>
<b>Net Incoming Resources</b>		10,782,567	2,045,405
Net unrealised gains on investments	14(b)	4,678,144	1,906,828
		<hr/>	<hr/>
<b>Net Movement in Funds before Actuarial Loss on Pension Funds</b>		15,460,711	3,952,233
Actuarial loss on pension funds	22	2,082,000	1,754,000
		<hr/>	<hr/>
<b>Net Movement in Funds</b>		13,378,711	2,198,233
Fund balances brought forward at 1 October 2004		34,027,442	31,829,209
		<hr/>	<hr/>
Fund balances carried forward at 30 September 2005		47,406,153	34,027,442
		<hr/>	<hr/>

The fund balances brought forward at 1 October 2004 above are stated after the prior year adjustment of £19.73m as disclosed in Notes 1(f) and 19. All recognised gains and losses arising in the year are included in the above Statement of Financial Activities. All income is derived from continuing operations. Net Incoming Resources represents the surplus for the year for Companies Act purposes. The accompanying notes are an integral part of this statement.

# Assessment and Qualifications Alliance Limited

## Balance Sheet

### as at 30 September 2005

		2005		2004 (as restated)	
	Notes	£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	14(a)		18,028,788		18,615,137
Investments – listed	14(b)		35,843,220		30,842,239
			<hr/>		<hr/>
			53,872,008		49,457,376
<b>Current Assets</b>					
Stocks		193,676		193,636	
Debtors	15	6,584,837		30,448,840	
Term deposits		22,000,000		-	
Cash at bank and in hand		13,514,961		4,610,897	
		<hr/>		<hr/>	
		42,293,474		35,253,373	
		<hr/>		<hr/>	
<b>Creditors – Amounts falling due within one year</b>	16	17,336,532		22,018,645	
		<hr/>		<hr/>	
<b>Net Current Assets</b>			24,956,942		13,234,728
			<hr/>		<hr/>
<b>Total Assets less Current Liabilities</b>			78,828,950		62,692,104
<b>Provisions for Liabilities and Charges</b>	17		5,095,797		5,543,662
			<hr/>		<hr/>
<b>Net Assets Excluding Pension Liability</b>			73,733,153		57,148,442
Net pension liability	22(c)		26,327,000		23,121,000
			<hr/>		<hr/>
<b>Net Assets</b>			47,406,153		34,027,442
			<hr/>		<hr/>
<b>Unrestricted Fund</b>	18		47,406,153		34,027,442
			<hr/>		<hr/>

Approved by the Council on 9 February 2006 and signed on its behalf by:

Mrs D L Cavanagh

Chair of the Council

*Diana Cavanagh*

Mr V B Guthrie

Director

*VB Guthrie*

# Assessment and Qualifications Alliance Limited

## Cash Flow Statement

### Reconciliation of net outgoing resources to net cash inflow from operating activities

	2005 £	2004 (as restated) £
Surplus before investment gains	10,406,032	1,397,916
Investment income	(2,740,169)	(1,974,200)
	<hr/>	<hr/>
Surplus before investment income	7,665,863	(576,284)
Depreciation	2,238,012	2,250,137
Loss on disposal of tangible fixed assets	61,618	164,043
(Increase) in stock	(40)	(22,339)
Decrease/(increase) in debtors	23,864,003	(12,265,123)
(Decrease)/increase in creditors	(4,941,953)	5,891,176
(Decrease)/increase in provisions	676,135	4,932,524
	<hr/>	<hr/>
Net cash inflow from operating activities	29,563,638	374,134
	<hr/>	<hr/>
<b>Cash flow statement</b>		
Net cash inflow from operating activities	29,563,638	374,134
Returns on investments and servicing of finance		
Investment income (note 5)	2,740,169	1,974,200
Capital expenditure and financial investments		
Net payments on tangible fixed assets	(1,713,282)	(1,979,934)
Net proceeds/(payments) on fixed asset		
Investments	53,699	(3,205,632)
	<hr/>	<hr/>
	(1,659,583)	(5,185,566)
	<hr/>	<hr/>
	30,644,224	(2,837,232)
Management of liquid resources		
Increase in term deposits	22,000,000	-
	<hr/>	<hr/>
Increase/(decrease) in cash	8,644,224	(2,837,232)
	<hr/>	<hr/>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Increase/(decrease) in cash in the year	8,644,224	(2,837,232)
Net funds at 1 October 2004	4,290,021	7,127,253
	<hr/>	<hr/>
Net funds at 30 September 2005	12,934,245	4,290,021
	<hr/>	<hr/>

Liquid resources are those items which are readily convertible to cash at or close to their carrying amount.

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

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### 1. Principal Accounting Policies

(a) *Accounting Convention*

These accounts have been prepared under the historical cost convention modified by the revaluation of certain fixed asset investments and in accordance with applicable accounting standards. In addition the accounts have been drawn up to comply with the Statement of Recommended Practice on Accounting by Charities issued in 2000 (SORP 2000).

(b) *Examination and Other Income*

All income is recognised on a receivable basis. Examination and other income is included in the Statement of Financial Activities (SOFA) in the period in which the examinations take place. Where fees are charged separately and specifically for objective test sessions, the income is included in the SOFA in the period in which the objective test fees are received.

(c) *Resources Expended*

(i) *Cost of generating funds*

Cost of generating funds represents investment management fees.

(ii) *Costs of activities in furtherance of the charity's objects*

Costs of activities in furtherance of the charity's objects represents expenditure incurred in preparing, issuing and marking examinations. This includes expenses such as examiners and markers fees, printing of examination papers and postage.

(iii) *Support costs*

Support costs represent those expenses incurred in supporting the charity's objects of preparing, issuing and marking examinations. Included in these costs are wages and salaries, IT costs and a proportion of general overheads.

(iv) *Management and administration*

Management and administration represents the proportion of staff costs relating to the management and administration of the charity, external and internal audit costs, a proportion of overhead expenses and senior committee expenses.

(v) *Basis of staff allocation*

All directly attributable overheads are charged to the appropriate expense category in the SOFA. General overheads are allocated on the basis of staff costs.

(d) *Specification Development*

Expenditure on the development of specifications and related teacher support materials is charged to the SOFA in the period in which the expenditure is incurred.

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

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### 1. Principal Accounting Policies (continued)

(e) *Systems Development*

The costs of developing new systems and related computer software are charged to the SOFA in the period in which the expenditure is incurred.

(f) *Pensions*

The two principal schemes for AQA's staff are the AQA Pension Scheme and the Greater Manchester Pension Fund (GMPF) and both are defined benefit schemes.

AQA has also contributed to four further defined benefit schemes, namely the Teacher's Pension Scheme, the University Superannuation Fund and the Tyne and Wear Pension Fund. During the year AQA discharged its liabilities in respect of the Avon Pension Fund.

For the year ended 30 September 2005, AQA has fully adopted the provisions of FRS17 "Retirement Benefits" and this has resulted in a restatement of the prior year's results. The impact on the SOFA for the year ended 30 September 2005 was a reduction of £3.2m (2004 £3.4m) and the impact on the unrestricted fund as at 30 September 2005 was a reduction of £26.3m (2004 £23.1m).

Under FRS17, the defined benefit pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities of the defined benefit pension schemes expected to arise from employee service in the period is charged against Net Incoming Resources. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in Net Investment Income. Actuarial gains and losses are recognised in the SOFA after Net Incoming Resources.

(g) *Value Added Tax*

The majority of AQA's supplies are exempt for VAT purposes. As a result AQA is only able to recover a small percentage of its input tax. The amount not recoverable is charged in the SOFA under the appropriate expense category or added to the cost of fixed assets.

(h) *Operating Leases*

Charges in respect of operating leases are recognised in the SOFA over the lives of the leasing agreements as incurred.

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

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### 1. Principal Accounting Policies (continued)

#### (i) *Tangible Fixed Assets*

Tangible fixed assets are stated at cost, net of depreciation. The charge for depreciation is calculated so as to write off the cost, less estimated realisable value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold buildings	40 years
Leasehold buildings	5 - 60 years
Leasehold land	125 years (period of lease)
Office fixtures & fittings and equipment	5 - 8 years
IT equipment	3 years
Motor vehicles	4 years

For the purposes of SORP 2000, all tangible fixed assets are considered to be functional assets of the charity.

Tangible assets costing more than £750 per individual item or group of related items are capitalised in the year of acquisition.

#### (j) *Fixed Asset Investments*

Investment income is included in the accounts in the year in which it is receivable and investments are shown at market value at the balance sheet date.

The analysis of investment gains/losses is provided in note 14 and realised gains/losses are calculated as the difference between historic cost and market value (i.e. sales proceeds). This departure from the SORP is considered appropriate and is the way investment gains/losses are reported by AQA's investment managers.

#### (k) *Deferred Income and Expenditure*

Examination fees and chargeable meeting fees received in advance are deferred and recognised in the period the examinations and meetings take place. All deferred income is fully utilised in the following year.

Expenditure on question papers and on fees and expenses of examiners relating to examinations after the period end are carried forward as payments in advance to be charged against the period in which the examinations take place.

#### (l) *Stocks*

The purchase of materials, goods and examination materials are written off in the period of purchase. Printing stocks are valued at the lower of cost and net realisable value.

#### (m) *Recognition of Liabilities*

Provisions are recognised when AQA has a present legal or constructive obligation as a result of a past event and it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted (see note 17).

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

### 2. AQA Council

None of the Directors, who constitute the members of the AQA Council, including the Chair, are paid any remuneration for services to AQA. Travelling and subsistence expenses amounting to £38,116 (2004 - £31,301), were reimbursed to 22 (2004 - 22) Directors.

### 3. Examination Income

	2005	2004 (as restated)
	£	£
United Kingdom	121,937,423	138,811,928
Overseas	433,988	318,275
	<hr/>	<hr/>
	122,371,411	139,130,203
	<hr/>	<hr/>

As the Overseas Income is not material, no segmental analysis as required by Statement of Standard Accounting Practice 25 Segmental Reporting, is given.

### 4. Other Income

National Assessment Agency – modernisation programme funding	6,557,949	7,557,081
Publications and other income	3,123,171	2,499,860
	<hr/>	<hr/>
	9,681,120	10,056,941
	<hr/>	<hr/>

### 5. Net Investment Income

Interest – UK deposits	1,710,590	833,460
Interest – UK listed securities	296,734	266,012
Dividends – UK listed funds	842,527	796,909
Dividends and interest – Overseas funds	23,318	47,819
	<hr/>	<hr/>
	2,873,169	1,944,200
	<hr/>	<hr/>
Net return on defined benefit pension scheme assets and liabilities (note 22(a)/(b))	(133,000)	30,000
	<hr/>	<hr/>
	2,740,169	1,974,200
	<hr/>	<hr/>



# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

	2005 £	2004 (as restated) £
<b>6. Costs of Generating Funds</b>		
Investment managers' fees	57,477	49,855
	<u>                    </u>	<u>                    </u>
<b>7. Costs of Activities in Furtherance of the Charity's Objects</b>		
Examiner costs and teacher release	58,320,781	75,274,143
Printing, postage and other examination costs	6,246,217	9,944,866
Staff costs	926,848	1,169,786
	<u>                    </u>	<u>                    </u>
	65,493,846	86,388,795
	<u>                    </u>	<u>                    </u>
<b>8. Support Costs</b>		
Staff costs	39,723,708	42,161,752
Premises costs	7,455,776	4,256,578
IT costs, teacher support and marketing	6,600,440	8,264,128
Depreciation	2,238,011	2,250,137
Printing and other costs	1,910,903	2,386,547
	<u>                    </u>	<u>                    </u>
	57,928,838	59,319,142
	<u>                    </u>	<u>                    </u>
<b>9. Management and Administration</b>		
Staff costs	233,500	229,889
Legal and professional	304,095	201,855
Overheads	280,108	261,402
Senior committee expenses	88,804	94,576
	<u>                    </u>	<u>                    </u>
	906,507	787,722
	<u>                    </u>	<u>                    </u>
<b>10. Restructuring</b>		
Restructuring costs in 2004 relate to the cessation of the National Curriculum Tests contract with QCA and the closure of two of AQA's offices. All costs directly relating to the restructuring are included in the SOFA.		
<b>11. Taxation</b>		
AQA is a charity and therefore claims exemption from corporation tax.		

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

### 12. Net Incoming Resources

	2005	2004 (as restated)
	£	£
Net incoming resources are arrived at after charging:		
Auditor's remuneration:		
audit fee	61,100	78,725
other fees	2,086	42,727
Operating lease rentals:		
land and buildings	848,918	664,402
plant and machinery	451,112	307,222
Depreciation	2,238,012	2,250,137
Staff Costs (note 13)	40,884,056	43,561,427
Provisions:		
restructuring	-	3,217,914
leasehold dilapidations	918,230	85,760
augmented pension	616,365	824,644

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

	2005 £	2004 (as restated) £
<b>13. Staff Costs</b>		
Wages and salaries	31,117,073	33,808,198
Social Security costs	2,079,018	2,165,061
Pension costs	6,075,813	6,014,882
	<hr/>	<hr/>
Other staff related costs	39,271,904	41,988,141
	1,612,152	1,573,286
	<hr/>	<hr/>
	40,884,056	43,561,427
	<hr/>	<hr/>

No emoluments have been paid to the Directors (who are also Trustees) during the year.

	2005	2004
Average number of employees: all of whom are directly or indirectly employed in the administration of examinations		
Examinations	1,021	1,095
Support and administration	442	474
	<hr/>	<hr/>
	1,463	1,569
	<hr/>	<hr/>

Higher paid employees fell within the following annual bands

£50,001 to £60,000	17	17
£60,001 to £70,000	1	-
£70,001 to £80,000	-	4
£80,001 to £90,000	5	1
£90,001 to £100,000	1	-
£110,001 to £120,000	-	1
£120,001 to £130,000	1	-

All higher paid employees accrued benefits under defined benefit pension schemes during the current and previous year.

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

### 14. Fixed Assets

#### (a) *Tangible Assets*

	Freehold Land & Buildings £	Leasehold Land & Buildings £	IT Equipment £	Furniture, Equipment and Vehicles £	Total £
<b><u>COST</u></b>					
1 October 2004	4,045,820	14,971,133	6,861,443	4,489,088	30,367,484
Additions	-	525,198	1,013,200	246,791	1,785,189
Disposals	-	-	(73,757)	(682,336)	(756,093)
Re-allocations	(18,576)	(45,119)	-	63,695	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2005	4,027,244	15,451,212	7,800,886	4,117,238	31,396,580
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>DEPRECIATION</u></b>					
1 October 2004	728,227	2,962,830	4,929,981	3,131,309	11,752,347
Charge for the period	100,697	454,258	1,306,540	376,517	2,238,012
On disposals	-	-	(72,626)	(549,941)	(622,567)
Re-allocations	(26,114)	(4,071)	-	30,185	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2005	802,810	3,413,017	6,163,895	2,988,070	13,367,792
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>NET BOOK VALUE</u></b>					
30 September 2005	3,224,434	12,038,195	1,636,991	1,129,168	18,028,788
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2004	3,317,593	12,008,303	1,931,462	1,357,779	18,615,137
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

### 14. Fixed Assets (continued)

#### (b) Investments

	2005 £	2004 £
Market value at 1 October 2004	30,842,239	25,082,291
Additions at cost	1,579,999	29,688,753
Disposals at market value (i.e. sales proceeds)	(1,633,697)	(26,483,122)
Net investment gains	5,054,679	2,554,317
	<hr/>	<hr/>
Market value at 30 September 2005	35,843,220	30,842,239
Cost at 30 September 2005	(29,667,268)	(29,344,431)
	<hr/>	<hr/>
Balance on net unrealised gain reserve	6,175,952	1,497,808
	<hr/>	<hr/>
<b>Analysis of net investment gains</b>		
Movement on unrealised gains	4,678,144	1,906,828
Realised gains based on historic cost of investments disposed of during the year	376,535	647,489
	<hr/>	<hr/>
Net investment gains	5,054,679	2,554,317
	<hr/>	<hr/>

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

### 14. Fixed Assets (continued)

#### (b) Investments (continued)

	Value at 30 Sept 2005 £	% of total	Value at 30 Sept 2004 £	% of total
UK Equities and UK Property Unit Trusts				
Schroder Charity Equity Fund Income Units	12,613,301	35.2	10,505,714	34.0
Charishare Distribution Units	7,708,880	21.5	6,070,101	19.7
Schroder Exempt Property Units	2,230,075	6.2	1,965,218	6.4
Other	2,154,884	6.0	3,062,052	9.9
UK Fixed Interest – listed				
Schroder Charity Fixed Interest Fund Income Units	3,617,270	10.1	3,538,312	11.5
Charinco Distribution Units	2,598,507	7.2	1,988,593	6.4
International Equities				
Schroder Institutional Overseas Equity Fund Income Units	2,627,205	7.3	2,119,562	6.9
33 KWS Overseas Fund Income Units	2,293,097	6.4	1,592,687	5.2
	<u>35,843,219</u>	<u>100.0</u>	<u>30,842,239</u>	<u>100.0</u>

Except as indicated above no single investment exceeded 5% of the total value of investments.

#### (c) Joint Venture

AQA participates in the joint venture company Qualdat with two other examination groups. No amounts have been disclosed in AQA's financial statements as they are not considered material.

### 15. Debtors

	2005 £	2004 £
Trade debtors	1,269,580	27,272,610
Other debtors	49,794	56,506
Prepayments and accrued income	5,265,463	3,119,724
	<u>6,584,837</u>	<u>30,448,840</u>

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

	2005 £	2004 £
<b>16. Creditors: Amounts falling due within one year</b>		
Bank overdrafts	580,716	320,876
Other trade creditors	1,259,306	2,786,156
Other taxes and social security costs	8,294,987	12,145,302
Other creditors	792,742	588,085
Accruals	5,573,174	5,181,818
Deferred income (note 1(k))	835,607	996,408
	<u>17,336,532</u>	<u>22,018,645</u>

### 17. Provisions for Liabilities and Charges

	Restructuring £	Leasehold Dilapidations £	Augmented Pension £	Total £
Balance at 1 October 2004	2,613,491	85,760	2,844,411	5,543,662
Provided	-	918,230	616,365	1,534,595
Utilised	(1,710,655)	(10,000)	(261,805)	(1,982,460)
Transfers	(573,953)	-	573,953	-
	<u>328,883</u>	<u>993,990</u>	<u>3,772,924</u>	<u>5,095,797</u>
Balance at 30 September 2005	328,883	993,990	3,772,924	5,095,797

- (a) The balance on the provision for restructuring represents amounts provided in respect of staffing restructuring costs.
- (b) The provision for leasehold dilapidations relates to estimated contractual future costs of making good leasehold properties when they are vacated. The provision falls due after more than one year.
- (c) The provision for augmented pensions represents amounts provided in respect of the cost of augmented unfunded pensions for members of staff who have left, based on actuarial advice. Amounts subsequently paid over to pension funds are charged against the provision.

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

### 18. Unrestricted Fund

	Accumulated Fund £
Balance as restated at 1 October 2004	34,027,442
Net incoming resources	10,782,567
Net unrealised gain on investments	4,678,144
	<hr/> 49,488,153
Actuarial loss on pension funds	(2,082,000)
	<hr/> 47,406,153
	<hr/>

The Council considers that the Reserves of AQA constitute a single unrestricted fund.

### 19. Reconciliation of Movements in Funds

	2005 £	2004 £
Opening funds	34,027,442	51,559,209
Prior year adjustment (see note below)	-	(19,730,000)
	<hr/> 34,027,442	<hr/> 31,829,209
Net movement in funds in the financial year	13,378,711	2,198,233
	<hr/> 47,406,153	<hr/> 34,027,442
	<hr/>	<hr/>

The prior year adjustment relates to the implementation of FRS17 "Retirement Benefits". The adoption of FRS17 has resulted in a decrease in the net movement in funds for 2005 of £3.2m (2004 £3.4m).



# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

### 20. Operating Lease Commitments

At 30 September 2005 AQA was committed to making the following payments during the year commencing on 1 October 2005 in respect of operating leases.

	Land and Buildings		Other	
	2005	2004	2005	2004
	£	£	£	£
Leases which expire:				
Within 1 year	57,669	133,768	414,475	125,398
within 2 to 5 years	269,336	-	53,210	261,361
after 5 years	551,961	538,191	3,971	-

### 21. Capital Commitments

	2005	2004
	£	£
Contracted for but not provided	-	32,808

### 22. Retirement Benefits

For the year ended 30 September 2005, AQA has fully adopted the provisions of FRS17 and retirement benefits are accounted for on that basis. SSAP 24 disclosures are provided for comparative purposes only.

The two principal schemes for AQA's staff are the AQA Pension Scheme and the Greater Manchester Pension Fund (GMPF). The total pension contributions paid and augmented pension charge during the year are required to be disclosed under SSAP 24 and are as follows.

	2005	2004
	£	£
<b>Scheme:</b>		
AQA	2,749,681	2,092,197
GMPF	1,079,837	1,144,959
Other pension schemes	638,930	286,082
	<hr/>	<hr/>
Total pension contributions	4,468,448	3,523,238
Augmented pension provision (note 17)	616,365	824,644
	<hr/>	<hr/>
	5,084,813	4,347,882
	<hr/>	<hr/>

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

### 22. (a) The AQA Pension Scheme

During the year, AQA operated the AQA Pension Scheme which is a single defined benefit scheme that provides benefits based on pensionable salary. The assets of the scheme were held separately from those of AQA being invested in trustee administered funds.

Contributions to the scheme are charged to the Statement of Financial Activities so as to spread the cost of pension over employees' working lives with AQA. The contributions are determined by qualified actuaries on the basis of triennial valuations. The most recent full actuarial valuation for the AQA Scheme is at 30 September 2003 and the main results and assumptions of the valuation of the AQA Scheme are as follows.

Latest actuarial valuation date	30 September 2003
Method used	Projected Unit
Rate of increase in pensionable salaries	5.0%
Rate of future investments return	7.2%
Rate of increase in pensions in payment	3.0%
Price inflation rate	3.0%
Valuation rate of interest	7.7%
Market value of schemes' assets	£34.66m
Funding level	87%
Date of next valuation	30 September 2006

The actuarial valuation showed that the market value of the scheme's assets was £34.66m which represented 87% of the benefits that had accrued to members. AQA's contribution rate is calculated to eliminate the deficit over the normal working lives of the employees.

#### FRS17

The following information is based upon the latest full actuarial valuation of the fund as at 30 September 2003 and updated by a qualified independent actuary to 30 September 2005 for the purposes of FRS17.

#### Assumptions

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions.

	2005	2004	2003
	% per annum	% per annum	% per annum
Inflation	2.75	2.75	2.50
Pension increases	2.75	2.75	2.50
Salary increases	4.25	4.25	4.00
Discount rate	5.00	5.50	5.30

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

### 22. (a) The AQA Pension Scheme (continued)

#### Assets in the Scheme and the expected rates of return

	2005		2004		2003	
	Expected Return	Value	Expected Return	Value	Expected Return	Value
	% per annum	£000	% per annum	£000	% per annum	£000
Equities	7.75	35,800	8.00	27,400	8.00	23,900
Bonds	4.75	12,300	5.25	9,800	5.00	9,000
Property	6.25	2,000	6.50	1,800	6.50	1,600
Cash and other	4.25	400	4.25	600	4.00	100
		<hr/>		<hr/>		<hr/>
Total market value		50,500		39,600		34,600
		<hr/>		<hr/>		<hr/>
Present value of scheme liabilities		(68,400)		(56,200)		(48,000)
		<hr/>		<hr/>		<hr/>
Net pension liability		(17,900)		(16,600)		(13,400)
		<hr/>		<hr/>		<hr/>

#### Charge to the Statement of Financial Activities before Net Incoming Resources

	2005 £000	2004 £000
Current service cost	3,300	3,500
Past service cost	400	-
	<hr/>	<hr/>
	3,700	3,500
	<hr/>	<hr/>

#### Analysis of the net return on the pension scheme

	2005 £000	2004 £000
Expected return on pension scheme assets	2,900	2,500
Interest on pension scheme liabilities	(3,000)	(2,500)
	<hr/>	<hr/>
Net amount charged	(100)	0
	<hr/>	<hr/>

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

### 22. (a) The AQA Pension Scheme (continued)

#### Charge to the Statement of Financial Activities after Net Incoming Resources

	2005 £000	2004 £000
Actual return less expected return on pension scheme assets	5,700	1,400
Experience gains and (losses) on the schemes liabilities	(100)	(2,100)
Changes in assumptions underlying the present value of the scheme liabilities	(6,200)	(1,100)
	<hr/>	<hr/>
Actuarial loss recognised in Statement of Financial Activities	(600)	(1,800)
	<hr/> <hr/>	<hr/> <hr/>

#### Movements in the scheme deficit during the year

	2005 £000	2004 £000
Deficit at the beginning of the year	(16,600)	(13,400)
Current service cost	(3,300)	(3,500)
Past service cost	(400)	-
Employer contributions	3,100	2,100
Net return on assets and liabilities	(100)	-
Actuarial losses	(600)	(1,800)
	<hr/>	<hr/>
Deficit at the end of the year	(17,900)	(16,600)
	<hr/> <hr/>	<hr/> <hr/>

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

### 22. (a) The AQA Pension Scheme (continued)

#### History of experience gains and losses

	2005	2004	2003	2002	2001
Difference between the expected and actual return on the scheme assets:					
Amount (£000)	5,700	1,400	1,900	(7,600)	(2,820)
Percentage of scheme assets	11.3%	3.5%	5.5%	(25.8%)	(16.3%)
Experience gains and (losses) on scheme liabilities:					
Amount (£000)	(100)	(2,100)	-	400	360
Percentage of the present value of the scheme liabilities	(0.1%)	(3.7%)	-	1.0%	1.7%
Total amount recognised in Statement of Financial Activities:					
Amount (£000)	(600)	(1,800)	(1,000)	(9,900)	(2,460)
Percentage of the present value of the Scheme liabilities	(0.9%)	(3.2%)	(2.1%)	(24.6%)	(11.9%)

### (b) Greater Manchester Pension Fund (GMPF)

AQA participates in the Greater Manchester Pension Fund (GMPF), which is an externally funded defined benefit pension scheme, where AQA's share of the total scheme's underlying assets and liabilities can be separately identified.

Contributions to the scheme are charged to the Statement of Financial Activities so as to spread the cost of pension over employees' working lives with AQA. The contributions paid are held in a trust separately from AQA and are determined by qualified actuaries on the basis of triennial valuations. The most recent full actuarial valuation for the GMPF Scheme is at 31 March 2004 and covers the entire GMPF Scheme, of which AQA is a part. The main results and assumptions of the valuations for the entire GMPF Scheme are as follows.

Latest actuarial valuation date	31 March 2004
Method used	Projected Unit
Rate of increase in pensionable salaries	4.4%
Rate of future investments return	- equities 6.7%
	- bonds 4.9%
Rate of increase in pensions in payment	2.9%
Price inflation rate	2.9%
Market value of the total GMPF schemes' assets	£6,593m
Funding level	93%
Date of next valuation	31 March 2007

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

### 22. (b) Greater Manchester Pension Fund (GMPF) (continued)

#### FRS17

The following FRS17 information represents AQA's separately identifiable share of the GMPF Scheme. The information is based upon the latest full actuarial valuation of the fund as at 31 March 2004 and updated to 30 September 2005 by a qualified independent actuary for the purposes of FRS17.

#### Assumptions

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions.

	2005 % per annum	2004 % per annum	2003 % per annum
Inflation	2.9	2.9	2.6
Pension increases	2.9	2.9	2.6
Salary increases	4.4	4.4	4.1
Discount rate	5.0	5.5	5.3

#### Assets in the Scheme and the expected rates of return

	2005		2004		2003	
	Expected Return % per annum	Fund Value £000	Expected Return % per annum	Fund Value £000	Expected Return % per annum	Fund Value £000
Equities	7.3%	20,976	7.5	16,728	8.0	14,300
Bonds	4.6%	4,787	5.1	4,031	5.0	3,522
Property	5.5%	2,833	6.4	2,441	6.0	2,079
Cash	4.5%	2,399	4.8	1,390	3.5	1,316
		<hr/>		<hr/>		<hr/>
Total market value		30,995		24,590		21,217
		<hr/>		<hr/>		<hr/>
Present value of scheme liabilities		(39,422)		(31,111)		(27,547)
		<hr/>		<hr/>		<hr/>
Net pension liability		(8,427)		(6,521)		(6,330)
		<hr/>		<hr/>		<hr/>

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

### 22. (b) Greater Manchester Pension Fund (GMPF) (continued)

#### Charge to the Statement of Financial Activities before Net Incoming Resources

	2005 £000	2004 £000
Current service cost	1,173	1,340
Past service cost	8	61
Curtailment and settlements	309	-
Total amount to be charged as resources expended	<u>1,490</u>	<u>1,401</u>

#### Analysis of the net return on the pension scheme

	2005 £000	2004 £000
Expected return on pension scheme assets	1,714	1,529
Interest on pension scheme liabilities	(1,747)	(1,499)
Net amount charged	<u>(33)</u>	<u>30</u>

#### Credited to the Statement of Financial Activities after Net Incoming Resources

	2005 £000	2004 £000
Actual return less expected return on pension scheme assets	3,552	735
Experience gains and (losses) arising on the scheme liabilities	(1,245)	1
Change in assumptions underlying the present value of the scheme liabilities	(3,789)	(690)
Actuarial gain/(loss) recognised in the Statement of Financial Activities	<u>(1,482)</u>	<u>46</u>

# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

### 22. (b) Greater Manchester Pension Fund (GMPF) (continued)

#### Movements in the scheme deficit during the year

	2005 £000	2004 £000
Deficit at the beginning of the year	(6,521)	(6,330)
Current service cost	(1,173)	(1,340)
Past service cost	(8)	(61)
Employer contributions	1,099	1,134
Impact of settlements and curtailments	(309)	-
Net deficit/return on assets and liabilities	(33)	30
Actuarial gains/(losses)	(1,482)	46
	<hr/>	<hr/>
Deficit at the end of the year	(8,427)	(6,521)
	<hr/>	<hr/>

#### History of experience gains and losses

	2005	2004	2003	2002
Difference between the expected and actual return on scheme assets:				
Amount (£000)	3,552	735	1,438	(2,820)
Percentage of scheme assets	11.5%	3.0%	6.8%	(16.3%)
Experience gains and (losses) on scheme liabilities:				
Amount (£000)	(1,245)	1	716	(107)
Percentage of the present value of the scheme liabilities	(3.2%)	0.0%	2.6%	(0.5%)
Total amount recognised in Statement of Financial Activities:				
Amount (£000)	(1,482)	46	(612)	(4,447)
Percentage of the present value of the Scheme liabilities	(3.8%)	0.1%	(2.2%)	(19.4%)



# Assessment and Qualifications Alliance Limited

## Notes to the Accounts

### 22. (c) Aggregate of AQA Pension Scheme and GMPF

#### Movements in the schemes' deficits during the year

	2005 £000	2004 £000
Deficit at the beginning of the year	(23,121)	(19,730)
Current service cost	(4,473)	(4,840)
Past service cost	(408)	(61)
Employer contributions	4,199	3,234
Impact of settlements and curtailments	(309)	-
Net deficit/return on assets and liabilities	(133)	30
Actuarial losses	(2,082)	(1,754)
	<hr/>	<hr/>
Deficit at the end of the year	(26,327)	(23,121)
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### (d) Other Pension Schemes

#### Multi-employer Defined Benefit Schemes

AQA participated in four multi-employer defined benefit schemes where it is not possible to separately identify the assets and liabilities for each participating employer. Accordingly, under FRS17, these schemes are treated as defined contribution schemes for accounting purposes only.