

# **Assessment and Qualifications Alliance**

**(a company limited by guarantee)**

**Accounts for the year ended 30 September 2008  
together with directors' report and auditors' report**

**Registered company number 3644723**

**Registered charity number 1073334**

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

**SATURDAY**



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# Assessment and Qualifications Alliance

## 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

PricewaterhouseCoopers LLP  
101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3PW

### BANKERS

The Royal Bank of Scotland  
6<sup>th</sup> Floor  
1 Spinningfields Square  
Manchester  
M3 3AP

### SOLICITORS

Addleshaw Goddard  
100 Barbirolli Square  
Manchester  
M2 3AB

### INVESTMENT FUND MANAGERS

BlackRock Investment Managers Limited, 33 King William Street, London, EC4R 9AS  
Schroder Investment Management Limited, 31 Gresham Street, London, EC2V 7QA

### WEBSITE

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

### EMAIL ADDRESS

[mailbox@aqa.org.uk](mailto:mailbox@aqa.org.uk)

# Assessment and Qualifications Alliance

## Directors' Report

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### INTRODUCTION

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. 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 2008.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

AQA's directors are members of AQA Council and are as follows.

Mrs S Rogers (Chair)	
Mr F I Sumner (Vice Chair)	(retired 31/03/08)
Mr P J Baker	(retired 31/03/08)
Mr D F Birchall	(retired 31/03/08)
Mrs D L Cavanagh	(retired 31/03/08)
Mrs D P Chambers	
Ms M Clift	
Mr B D Cookson	
Mr H J Darby	(resigned 01/07/08)
Professor J Elwood	
Mr P J Galsworthy	
Mr A N Gatehouse	
Mr G H Glyn OBE	
Ms F Greeves	
Mr V B Guthrie	
Mr M C Holly	(Vice Chair 01/04/08)
Professor C R Husbands	(resigned 13/10/08)
Ms J P A Jupe	(resigned 13/10/08)
Professor P J Layzell	
Mrs S M Lupton	
Dr P R Mason	
Ms A S Milln	
Mr A Parker	
Professor P F W Preece	
Mr N C Robertson	
Mr A E D Starr	
Mr N Walkey	(appointed 01/04/08)
Mr G C Wilson	

Replacement trustees have been sought from the appropriate nominating bodies where positions require filling.

**A number of the directors also serve on governance and advisory committees. Directors are Chairs of the following committees:**

#### Governance Committees

Council Business Group	Mrs S Rogers
Finance	Mr V B Guthrie
Audit	Mr M C Holly
Irregularities and Appeals	Dr P R Mason
Awarding Standards	Mrs S Rogers
Access Management	Mr A Parker

#### Advisory Committees

Curriculum and Assessment Quality	Dr P R Mason
Research	Professor P F W Preece
Information Technology	Mr A Parker

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## Directors' Report

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The trustees of AQA are drawn from various educational and business bodies to ensure a balance of skills and experience on the Council. Trustees serve for no more than three terms of three years and shall, subject to the provisions of the Articles of Association, be:

- eight trustees nominated by nominating bodies representing schools and colleges;
- seven trustees nominated by nominating bodies representing Higher Education;
- two trustees nominated by the Association of Directors of Children's Services;
- one trustee nominated by the Specialist Schools and Academies Trust;
- five trustees from the business community selected by the Council pursuant to a search and selection process adopted by the Council and which may include choosing individuals from applications received in response to advertisements placed in the relevant press or media, and
- a maximum of six additional trustees who may be appointed by the Council.

AQA provides new trustees with an induction session in order to provide information about the organisation and an explanation of the duties of charity trustees. Each year, a one day workshop is arranged to update trustees on strategy and new and emerging issues.

AQA's committees provide forums for considering issues relating to administration, finance, services and the specifications AQA offers. This ensures that 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 other professional and technical skills.

All Council members are required annually to complete a Register of Interests declaration and to declare any potential conflict of interest. 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 Governance and Advisory committees. All these committees are chaired by trustees and include non-trustee members with the exception of Council Business Group, Finance Committee and Council itself which comprise only trustees. Governance committees are:

- **Council Business Group** acts on behalf of the Council as a clearing house for time critical decisions, a preliminary review group for strategic analysis and a special study group as required;
- **Finance Committee** is responsible for all matters relating to AQA's financial operations and strategy;
- **Audit Committee** reports to the Council on the integrity and regulatory compliance of the financial statements of AQA; the independence and performance of the external auditor; the functioning of AQA's internal controls and procedures and risk management;
- **Irregularities and Appeals Committee** advises the Council on all matters relating to irregularities and appeals, deciding on appropriate action in all serious alleged cases of teacher and candidate malpractice relating to AQA's examinations and overseeing and contributing to the operation of AQA's appeals procedures;
- **Awarding Standards Committee** enables the Council to consider rapidly the issues involved when there is an irreconcilable dispute between AQA's Accountable Officer and a Chair of Examiners about the standards being set in a particular examination. In doing so, the Council meets the requirements of the Regulatory Authorities' Code of Practice;
- **Access Management Group** is responsible for managing all the Access to Higher Education activities within the AQA Access Partnership so as to discharge effectively its Access Validating Agency (AVA) responsibilities in a way which complies with the requirements of the Quality Assurance Agency.

# Assessment and Qualifications Alliance

## Directors' Report

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The Advisory committees are:

- **Curriculum and Assessment Quality Committee** advises on all educational matters relating to the curriculum and monitors performance against agreed quality assurance measures;
- **Research Committee** advises on all matters relating to research and technical aspects of assessment so as to ensure that AQA maintains its leading place nationally in research;
- **Information Technology Advisory Committee** advises on all matters relating to AQA's use of ICT.

AQA also seeks specialist advice from non-trustee members through a number of **Subject Advisory Committees** which relate to specific areas of the curriculum and **Regional Forums** which consult with stakeholders on a regional basis.

The Council, comprising the trustees 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. The Council meets five times per year. The day to day business of AQA is carried out by the Director General, Dr Michael Cresswell, and a team of specialist managers - Andrew Bird (Deputy Director General and Qualifications, Development and Support), John Milner (People, Environment and Research), Carolyn Adams (Examination Services), Robert Cox (Finance), Peter Dawson (Information and Communications Technology) and Geoff Hurst (Market Strategy).

The directors who hold office at the date of approval of the directors' report confirm that, so far as they are individually aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

# Assessment and Qualifications Alliance

## Directors' Report

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### Risk management

Operational risk management processes are embedded in all departments. High level strategic risks are reviewed on a regular basis by senior management and regular reports on the effectiveness of risk management are provided to the Audit Committee. The Council reviews and approves the strategic risk register each year.

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

The Internal Audit Unit provides support and advice to AQA managers for the identification and management of risks. The Unit works with the manager with responsibility for risk management to develop further risk management processes across the organisation.

The Audit Committee, comprising four trustees and two independent members, reviews AQA's internal controls and procedures (financial and non-financial) and considers the results of AQA's high level risk assessments. It reports directly to Council.

The principal risks facing AQA are considered as part of the well established process of risk management. The key risks are:

- **Operational delivery risk.** The security of the examination process and the successful delivery of timely and accurate results to candidates is essential for AQA's ongoing success. We have rigorous processes and contingency plans in place to ensure the delivery of results and we are continuing to innovate through the application of new technology in the examinations process itself.
- **Technological change risk.** AQA's success in the education arena relies upon the use and development of technological solutions to help centres and improve the reliability of assessment. Any significant failures in the new technology and processes would impact upon both our operations and reputation. We have extensive controls in place to maintain the integrity and efficiency of our IT systems and infrastructure and we have a robust and structured project management approach to all developments.
- **Financial risk.** AQA requires the availability of sufficient cash to fund its day to day business needs and its longer term liabilities including those relating to pensions. The treasury position is reviewed daily and any short term surplus cash is invested until required.

# Assessment and Qualifications Alliance

## Directors' Report

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### **AIMS AND OBJECTIVES**

#### **Purposes and aims**

AQA's purpose as set out in the objects contained in the company's memorandum of association 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.

AQA has the general aim of contributing to education through the provision of high quality specifications, rigorous assessment regimes and excellent support systems. AQA's principal activities are to provide 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, Diploma, AQA Baccalaureate (Bacc), Key Skills, Access to Higher Education and the Unit Award Scheme. Our aims fully reflect the purposes that the charity was set up to further.

#### **Ensuring our work delivers our aims**

Informed by the advice contained in the Charity Commission's general guidance on public benefit, AQA Trustees review our educational aims, objectives and activities annually. This review looks at achievements and the outcomes of our work in the previous 12 months and evaluates the successes and benefits. In addition, Trustees consider how future activities will contribute to the agreed aims and objectives in order to equip learners with the knowledge and skills they require for the future.

#### **The focus of our work**

AQA's objectives for the year were to:

- continue to provide high quality qualifications which play a key part in establishing and maintaining educational standards in the UK;
- increase the use of modern technology through e-AQA (our secure extranet for centres) and in the assessment process itself through electronic marking, electronic mark capture and on-screen assessment;
- continue working with the Office of the Qualifications and Examinations Regulator (Ofqual), the Qualifications and Curriculum Authority (QCA) and the National Assessment Agency (NAA) on the modernisation of the qualifications system.

The strategies employed to achieve AQA's objectives were to:

- play a major role in educational research and policy development;
- engage with QCA/NAA on modernisation projects and course development contracts;
- increase the volume of examinations marked using e-marking technology;
- extend the range of e-AQA services available to enhance the efficiency of the entire entries process;
- develop the broad range of qualifications through Functional Skills and Diplomas as part of the Government's 14-19 reform programme.

# Assessment and Qualifications Alliance

## Directors' Report

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### ACTIVITIES AND ACHIEVEMENTS

#### Public benefit

The primary purpose of AQA is to advance education for the benefit of the public by the setting, marking and administration of public examinations such as GCSE, A levels, Diplomas and other qualifications. The organisation provides qualifications for UK schools and colleges in order to equip learners with the knowledge and skills they require for the future. During 2007/08, we invested £7.6m in product development (such as the new Diploma and revised GCSEs) and process improvements (such as online standardisation).

- AQA works closely with teachers, schools, colleges, employers, higher education, Government and the Regulators to promote the smooth running and continuing development of the UK qualifications system to give every learner the opportunity to realise their potential.
- AQA awards 49% of full course GCSE and 42% of A Levels nationally. In total, students take over 3.5 million examinations with AQA each year. Its vocationally-related and work-based qualifications promote lifelong learning and individual attainment and widen participation in education.
- AQA plays a major role in research and education policy development, working in partnership with schools and colleges and other organisations.
- AQA is a long standing sponsor of the Association of Colleges Beacon Awards.

#### Operational performance

This has been another successful year for AQA and we continue to meet the highest standards in our operational work. We delivered accurate and timely results for all our candidates again this summer and our service standards were acknowledged as the best of the three largest awarding bodies when we achieved 100% in four of the five performance targets set by Ofqual, our regulator. These key indicators cover critical areas such as timely despatch of accurate question papers and results, managing post-results enquiries and quick responses to queries from schools and colleges. The latest published KPIs can be found on the Ofqual website [www.ofqual.org.uk](http://www.ofqual.org.uk).

#### Qualifications

In 2008, all 91 new GCSE specifications (including short courses and single/double awards) were accredited by QCA, ensuring that we now provide a greater number of GCSEs than any other awarding body. English, Mathematics and ICT will be revised along with Functional Skills for first teaching in September 2010 in accordance with the QCA/Ofqual timetable.

AQA is fully committed to the success of the new Diplomas and we are an accredited Component Awarding Body and Diploma Awarding Body. In addition to the Diploma lines of learning accredited in 2007, the next four lines of learning for the AQA/City and Guilds Diplomas (Environmental and Land Based Studies, Hair and Beauty, Hospitality and Business, Administration and Finance) were accredited for September 2009 teaching and further lines are being developed to begin in 2010 and 2011.

We have reflected on the wide range of achievements that our young people accomplish and the absence of any qualification to reflect the breadth of learning and contribution. From that thinking emerged the concept of the AQA Bacc, an award to recognise the achievements of students who have not only studied in depth and gained academic success through A-levels, but have a wider range of skills and attributes. The AQA Bacc was piloted in 2008 and we awarded 800 AQA Baccs to students. Following this successful pilot the AQA Bacc is now approved by Ofqual and is available to all centres for teaching from September 2008.



# Assessment and Qualifications Alliance

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### *Support*

We pride ourselves on the quality of the support we offer to teachers, mainly through our Teacher Support team. We know that supporting teachers is fundamental to effective teaching and successful results. That is why we have developed a comprehensive range of services. For instance, we offer a wide range of face-to-face meetings across the UK on new specifications, coursework standardisation meetings and support meetings. Our support meetings focus on the specification, assessment and best classroom practice as well as practical advice and guidance on assessment criteria, structure and style.

We received an extremely positive response to our widened programme of Continuing Professional Development courses for both primary and secondary teachers, and in 2007/08 we held courses to support 7,000 teachers.

During 2008, we also held our first series of AQA EXPO 08 events which served to show our range of products and services. These were also the launch platform for our new GCSEs and provided an opportunity for teachers to see our latest technological developments and innovations in qualifications and assessment.

### *New technology*

We are continuing to build upon our success by harnessing modern technology so that the examination process is as efficient as possible and that teachers and students have fast, efficient access to information. This year we increased the volume of marking from screen images and we handled over 3.3m scripts in that way. This, together with our e-mark capture technology, enabled us to collect almost all marks electronically. In implementing this technology, we are very careful to ensure that examiners are thoroughly trained in advance and supported by a dedicated helpdesk for the whole of the marking period.

To further support our teachers, this year saw the introduction of Enhanced Results Analysis (ERA), a free online tool which gives teachers instant analysis of their students' examination results in detail. Using ERA, teachers can see how their students performed compared to other students in their centre or in other similar centres. Data is provided at component level or at question level where it is available for use with ERA.

We are progressively introducing new technology to allow us to offer examiner training remotely, thus broadening the pool of potential examiners and eliminating time-consuming travel. This training at the beginning of the marking period is to ensure that a team of examiners applies the mark scheme in a consistent and standardised way.

Our on screen testing with GCSE Science is widely available to centres. We are progressively establishing the test development and test publication infrastructure to allow the wide application of this approach, which has received a very positive response from centres and students.

In support of centres' assessment of coursework we are introducing an e-portfolio portal to enable students to build an electronic portfolio of coursework and enable centres to transmit students' work electronically. This will streamline the overall assessment process and allow students to use a wider range of media in their work. Developments in this area will allow us to offer remote moderator training, similar to that being offered to examiners.

# Assessment and Qualifications Alliance

## Directors' Report

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### FINANCIAL REVIEW

#### Results and policy on reserves

2007/08 has been characterised by a period of intense investment in our new and revised qualifications and new technologies. This high level of investment in the examination system is reflected in the lower Net Incoming Resources before Other Recognised Gains of £388,000 for the year (2007 £10,897,000). After adding the net realised gains on investments of £2,657,000 (2007 £1,345,000), Net Incoming Resources for the year are £3,045,000 (2007 £12,242,000). This performance was generated on Total Incoming Resources of £144,415,000 (2007 £144,924,000).

The economic crisis and stock market uncertainty and volatility during 2008 have adversely impacted our long term investments and the Statement of Financial Activities (SOFA) includes a net overall loss on investments (i.e. the aggregate of the £2,657,000 realised gains and £7,467,000 unrealised losses) of £4,810,000 for the year (2007 gain £2,801,000).

These adverse market conditions have also significantly contributed to the actuarial loss on defined benefit pension schemes of £6,299,000 (2007 gain £8,361,000).

After taking all of these into account, AQA's Unrestricted Funds reduced by £10,721,000 (2007 increase £22,059,000) to £74,661,000 (2007 £85,382,000).

AQA's balance sheet at 30 September 2008 still shows healthy liquidity with £46,200,000 invested in cash fund investments and £2,892,000 in cash at the bank. AQA did not suffer any losses of cash on its cash investments or bank deposits during the year as a result of the banking crisis and our move to invest in cash funds has enabled us to further diversify our cash risk. When placing cash our first priority is security, followed by liquidity and finally the investment return.

The overall results for 2008 include the impact of a large actuarial loss of £6,299,000 on the defined benefit pension schemes which is calculated in accordance with Financial Reporting Standard 17 (FRS17) 'Retirement Benefits'. This compares to a large actuarial gain of £8,361,000 in 2007 and is largely a consequence of the adverse market conditions noted above.

When setting the target level of reserves, AQA excluded the FRS17 pension scheme deficits as it believes that it can meet contributions from projected future income without significantly impacting upon planned levels of charitable activity.

Trustees review the reserves policy periodically to ensure relevance to current circumstances. The length of time between reviews will be no longer than three years. The Council considers that the reserves of AQA constitute a single unrestricted fund.

The target level of reserves is within the range of £86m to £102m (excluding FRS17 pension deficits) and is required in order to maintain the Accumulated Fund at a level sufficient to ensure financial stability whilst avoiding significant fluctuations in examination fees. At 30 September 2008 the level of reserves, excluding FRS17 pension deficits, was £93,763,000 which is within the target range.

The target level of reserves enables AQA to improve its primary purpose of advancing education for the benefit of the public by making significant investments in strategic areas including the revision of almost all GCSE specifications as part of the government's 14-19 reforms, the development and implementation of entirely new qualifications such as the Diploma, AQA's Bacc and FCSEs in Modern Foreign Languages, and the enhancement of systems that improve the way examinations are delivered for the benefit of learners and teachers in schools and colleges. These significant developments require AQA to incur expenditure over a period of years in advance of any revenue stream they will generate and AQA must therefore hold enough reserves to cover major qualifications investment.

The target level of reserves will also enable AQA to continue to develop its IT systems, invest in its fixed assets, provide for the AQA Pension Scheme funding plan, fund the cash flow cycle and provide short term contingency for any significant loss of income or significant unexpected additional costs.

# Assessment and Qualifications Alliance

## Directors' Report

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### PLANS FOR FUTURE PERIODS

AQA will continue to drive forward developments in the use of modern technology in the assessment process. At the same time, AQA will improve the range of services to its centres by extending e-AQA services and by working with Ofqual/QCA to modernise the qualification system. The Government's 14-19 reform programme will also play a key part in the development of assessment for future periods with the introduction of Functional Skills and Diplomas. AQA is fully committed to the success of the new Diplomas and we are an accredited Component Awarding Body and Diploma Awarding Body.

### INVESTMENT POWERS AND POLICY

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 managed by two fund managers and are diversified to reduce risk. The investment performance target during the year was a total return target to be achieved over a rolling five year period. Despite the market volatility and drop in value of the investments during the year, over the rolling five year period both fund managers performed ahead of the targets.

An Investment Sub-committee of the Finance Committee receives quarterly reports from the fund managers and meets three times per year with the professional investment advisers, Deloitte PCS Limited, to review performance. AQA takes professional investment advice on all its investment decisions.

### 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 formal valuation any potential excess or shortfall cannot be quantified.

### POLICY FOR PEOPLE WITH DISABILITIES AND EQUALITY

AQA has an Equal Opportunities Policy in place and welcomes applications for employment from appropriately qualified individuals regardless of race, gender, religion/belief or sexual orientation.

### 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. AQA also has in place a programme of annual staff meetings and regular team briefings. Extensive use is made of the AQA Intranet to ensure staff are fully informed of latest developments and the performance of the organisation. An Information and Consultation Forum meets regularly as a means of involving the whole staff in matters relating to the development of AQA's activities. Employee surveys are undertaken to supply valuable feedback on the effectiveness of communications.

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

### ENVIRONMENTAL POLICY

AQA accepts its environmental responsibilities and recognises its obligations to contribute to the resolution of global and local environmental issues by reducing its impacts on the environment and by taking a leading role in promoting environmental best practice. During the year teams of "Environmental Champions" have been established at all sites to harness new ideas for improvements and to promote the environmental message throughout the organisation.

### ADDITIONAL INFORMATION

AQA publishes the "award" magazine each term and this includes an annual review once per year. Copies can be obtained from the AQA Press Office, Stag Hill House, Guildford, Surrey, GU2 7XJ or via e-mail at [mailbox@aqa.org.uk](mailto:mailbox@aqa.org.uk). The magazine is also available on the AQA website.

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The AQA website contains a copy of these accounts as well as up to date information on the specifications, examination timetables, events, teacher support, examiner recruitment, publications and other areas of the organisation's activities. The website address is [www.aqa.org.uk](http://www.aqa.org.uk).

### APPOINTMENT OF AUDITORS

A resolution for the reappointment of PricewaterhouseCoopers LLP will be proposed at the annual general meeting for the ensuing year.

This report was approved by the Council on 19 February 2009 and signed on its behalf by

Mrs S Rogers  
Chair of the Council



# Assessment and Qualifications Alliance

## 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's affairs and of the incoming and outgoing resources including its income and expenditure 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 preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

# Assessment and Qualifications Alliance

## 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 2008 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.

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

The responsibilities of the directors (who are also the trustees of the charity) for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the charitable company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 trustees' remuneration and other transactions 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 International Standards on Auditing (UK and Ireland) 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.

# Assessment and Qualifications Alliance Auditors' Report

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## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 30 September 2008 and of its incoming resources and application of resources, including its income and expenditure and cash flows, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**

Manchester

19 February 2009

# Assessment and Qualifications Alliance

## Statement of Financial Activities for the year ended 30 September 2008

	Notes	2008 £000	2007 £000
<b>Incoming Resources</b>			
Incoming resources from generated funds			
Net investment income	3	4,883	4,417
Incoming resources from charitable activities			
Examination and other income	4	139,532	140,507
		<hr/>	<hr/>
Total Incoming Resources		144,415	144,924
		<hr/>	<hr/>
<b>Resources Expended</b>			
Cost of generating funds			
Investment management costs		76	75
Charitable activities – examination services	5	143,590	133,521
Governance costs	6	361	431
		<hr/>	<hr/>
Total Resources Expended		144,027	134,027
		<hr/>	<hr/>
<b>Net Incoming Resources before Other Recognised Gains</b>	8	388	10,897
		<hr/>	<hr/>
<b>Other Recognised Gains</b>			
Net realised gains on investments	10(b)	2,657	1,345
		<hr/>	<hr/>
<b>Net Incoming Resources</b>		3,045	12,242
Net unrealised (losses)/gains on investments	10(b)	(7,467)	1,456
Actuarial (loss)/gain on defined benefit pension schemes	19	(6,299)	8,361
		<hr/>	<hr/>
<b>Net Movement in Funds</b>		(10,721)	22,059
Fund balances brought forward at 1 October 2007		85,382	63,323
		<hr/>	<hr/>
Fund balances carried forward at 30 September 2008		74,661	85,382
		<hr/>	<hr/>

All recognised gains and losses arising in the year are included in the above Statement of Financial Activities which also incorporates the Income and Expenditure Account. 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

## Balance Sheet

### as at 30 September 2008

		2008	2007
		£000	£000
	Notes		
<b>Fixed Assets</b>			
Tangible assets	10(a)	16,613	17,197
Investments	10(b)	38,791	43,047
		<u>55,404</u>	<u>60,244</u>
<b>Current Assets</b>			
Stocks		226	254
Debtors	11	9,390	7,805
Term deposits		-	42,000
Investments	12	46,200	-
Cash at bank and in hand		2,892	10,130
		<u>58,708</u>	<u>60,189</u>
<b>Creditors: Amounts falling due within one year</b>	13	19,480	19,836
<b>Net Current Assets</b>		39,228	40,353
<b>Total Assets less Current Liabilities</b>		94,632	100,597
<b>Provisions for Liabilities and Charges</b>	14	869	1,200
<b>Net Assets Excluding Pension Liability</b>		93,763	99,397
Defined benefit pension schemes liability	19	19,102	14,015
<b>Net Assets</b>		<u>74,661</u>	<u>85,382</u>
<b>Unrestricted Fund</b>	15	74,661	85,382

Approved and authorised for issue by the Council on 19 February 2009 and signed on its behalf by:

Mrs S Rogers

Chair of the Council



Professor P J Layzell

Director



# Assessment and Qualifications Alliance

## Cash Flow Statement

### Reconciliation of net incoming resources to net cash (outflow)/inflow from operating activities

	2008 £000	2007 £000
Net incoming resources before other recognised gains	388	10,897
Net investment income	(4,883)	(4,417)
Depreciation	1,804	2,459
Profit on disposal of tangible fixed assets	-	(1)
Decrease/(increase) in stocks	28	(71)
(Increase)/decrease in debtors	(1,585)	892
(Decrease)/increase in creditors	(356)	2,327
(Decrease) in provisions	(331)	(545)
Increase/(decrease) in defined benefit pension schemes liability	5,087	(14,321)
Actuarial (loss)/gain on defined benefit pension schemes	(6,299)	8,361
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(6,147)	5,581
	<hr/>	<hr/>
<b>Cash flow statement</b>		
Net cash (outflow)/inflow from operating activities	(6,147)	5,581
Returns on investments and servicing of finance		
Net investment income (note 3)	4,883	4,417
Capital expenditure and financial investments		
Net payments on tangible fixed assets	(1,220)	(2,374)
Net payments on fixed asset investments	(554)	(302)
	<hr/>	<hr/>
	(1,774)	(2,676)
	<hr/>	<hr/>
	(3,038)	7,322
Management of liquid resources		
Reduction/(increase) in term deposits	42,000	(9,000)
(Increase) in current asset investments	(46,200)	-
	<hr/>	<hr/>
(Decrease) in cash in the year	(7,238)	(1,678)
	<hr/>	<hr/>
<b>Reconciliation of net cash flow to movement in net funds</b>		
(Decrease) in cash in the year	(7,238)	(1,678)
Net funds at 1 October 2007	10,130	11,808
	<hr/>	<hr/>
Net funds at 30 September 2008	2,892	10,130
	<hr/>	<hr/>

Reconciliation in movement of net funds	1 October 2007 £000	Cashflow £000	30 September 2008 £000
Cash	10,130	(7,238)	2,892
	<hr/>	<hr/>	<hr/>

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

# Assessment and Qualifications Alliance

## Notes to the Accounts

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### 1 Principal Accounting Policies

(a) *Basis of Preparation*

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 prepared in accordance with the Statement of Recommended Practice on Accounting by Charities issued in 2005 (SORP 2005) and comply with the Companies Act 1985.

(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.

(c) *Resources Expended*

Expenditure is classified using the headings in SORP 2005. The direct costs of providing examination services are categorised as charitable activities. Support costs are the indirect costs incurred in supporting the charitable activities. Governance costs comprise the expenditure associated with the general running of the charity and compliance with constitutional and statutory requirements.

(d) *Deferred Income and Expenditure*

Examination fees and training course 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.

(e) *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.

(f) *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.

(g) *Defined Benefit Pension Schemes*

The two principal defined benefit schemes for AQA's staff are The AQA Pension Scheme and the Greater Manchester Pension Fund (GMPF). AQA also has unfunded pension liabilities which represent augmented pensions for members of staff who are no longer employees of AQA. The AQA Pension Scheme, GMPF and the unfunded augmented pension liabilities are accounted for under FRS17.

AQA has also contributed to two further defined benefit schemes, namely the Teachers' Pension Scheme and the University Superannuation Scheme. These are multi-employer defined benefit schemes where it is not possible to separately identify the assets and liabilities for each participating employer. Accordingly, contributions are treated as defined contribution schemes for accounting purposes.

# Assessment and Qualifications Alliance

## Notes to the Accounts

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### 1 Principal Accounting Policies (continued)

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.

#### (h) *Defined Contribution Pension Schemes*

Contributions payable for the year are charged against Net Income for the Year.

#### (i) *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.

#### (j) *Operating Leases*

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

#### (k) *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 2005, 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.

# Assessment and Qualifications Alliance

## Notes to the Accounts

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### 1 Principal Accounting Policies (continued)

#### (l) *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 10 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.

#### (m) *Stocks*

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

#### (n) *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.

# Assessment and Qualifications Alliance

## Notes to the Accounts

### 2 AQA Council

None of the directors, who constitute the members of the AQA Council, including the Chair, is paid any remuneration for services to AQA. Travelling and subsistence expenses amounting to £30,000 (2007 - £31,000), were reimbursed to 22 (2007 - 22) directors.

### 3 Net Investment Income

	2008 £000	2007 £000
Interest – UK deposits	2,917	3,645
Interest – UK listed securities	94	29
Dividends – UK listed funds	1,202	325
	<u>4,213</u>	<u>3,999</u>
Net return on defined benefit pension scheme assets and liabilities	670	418
	<u>4,883</u>	<u>4,417</u>

### 4 Examination and Other Income

Examination Income - United Kingdom	132,353	131,606
Examination Income – Overseas	708	445
National Assessment Agency – modernisation programme funding	2,055	3,583
Publications and other income	4,416	4,873
	<u>139,532</u>	<u>140,507</u>

As the overseas income is immaterial, no segmental analysis as required by Statement of Standard Accounting Practice 25 Segmental Reporting, is given.

# Assessment and Qualifications Alliance

## Notes to the Accounts

	2008 £000	2007 £000
<b>5 Charitable Activities – Examination Services</b>		
Examination services include support costs as follows:		
Staff costs	11,825	9,844
Other	5,018	5,118
	<hr/>	<hr/>
	16,843	14,962
	<hr/>	<hr/>
<b>6 Governance Costs</b>		
Staff costs	203	268
Audit fee	80	73
Senior committee expenses	78	90
	<hr/>	<hr/>
	361	431
	<hr/>	<hr/>
<b>7 Taxation</b>		
AQA is a charity and therefore claims exemption from corporation tax.		

# Assessment and Qualifications Alliance

## Notes to the Accounts

### 8 Net Incoming Resources

	2008 £000	2007 £000
Net Incoming Resources for the year is arrived at after charging/(crediting):		
Auditors' remuneration:		
audit fee	80	73
other fees	3	3
Operating lease rentals:		
land and buildings	939	906
plant and machinery	527	513
Depreciation	1,804	2,459
Profit on disposal of fixed assets	-	1
Staff Costs (note 9)	48,648	43,328
Provisions:		
restructuring	-	(71)
leasehold dilapidations	44	87
former employees	(50)	45



# Assessment and Qualifications Alliance

## Notes to the Accounts

	2008 £000	2007 £000
<b>9 Staff Costs</b>		
Wages and salaries	37,622	32,032
Social Security costs	2,652	2,470
Pension costs (note 19)	5,794	6,728
	<hr/>	<hr/>
	46,068	41,230
Other staff related costs	2,580	2,098
	<hr/>	<hr/>
	48,648	43,328
	<hr/>	<hr/>
Wages and salaries costs include costs of agency staff.		
	2008	2007
Average number of employees: all of whom are directly or indirectly employed in the administration of examinations		
Examinations	913	945
Support and administration	445	406
	<hr/>	<hr/>
	1,358	1,351
	<hr/>	<hr/>
Higher paid employees fell within the following annual bands		
£60,001 to £70,000	13	14
£70,001 to £80,000	-	-
£80,001 to £90,000	-	3
£90,001 to £100,000	6	3
£100,001 to £110,000	1	-
£110,001 to £120,000	-	-
£120,001 to £130,000	-	-
£130,001 to £140,000	1	1

All higher paid employees who accrued pension benefits during the year accrued them under either the defined benefit or defined contribution pension schemes (defined benefit schemes in 2007).

# Assessment and Qualifications Alliance

## Notes to the Accounts

### 10 Fixed Assets

#### (a) Tangible Assets

	Freehold Land & Buildings £000	Leasehold Land & Buildings £000	IT Equipment £000	Furniture, Equipment and Vehicles £000	Total £000
<b><u>COST</u></b>					
1 October 2007	3,633	15,458	10,137	4,616	33,844
Additions	-	-	721	499	1,220
Disposals	-	-	-	(12)	(12)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2008	3,633	15,458	10,858	5,103	35,052
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>DEPRECIATION</u></b>					
1 October 2007	862	4,261	7,948	3,576	16,647
Charge for the year	91	426	1,003	284	1,804
On disposals	-	-	-	(12)	(12)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2008	953	4,687	8,951	3,848	18,439
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>NET BOOK VALUE</u></b>					
30 September 2008	2,680	10,771	1,907	1,255	16,613
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2007	2,771	11,197	2,189	1,040	17,197
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# Assessment and Qualifications Alliance

## Notes to the Accounts

### 10 Fixed Assets (continued)

#### (b) Investments

	2008 £000	2007 £000
Market value at 1 October 2007	43,047	39,943
Additions at cost	24,056	8,994
Disposals at market value (i.e. sales proceeds)	(22,443)	(5,462)
Net movements in cash	(1,059)	(3,229)
Net investment (losses)/gains	(4,810)	2,801
	<hr/>	<hr/>
Market value at 30 September 2008	38,791	43,047
Cost at 30 September 2008	(38,695)	(35,484)
	<hr/>	<hr/>
Balance on net unrealised gain reserve	96	7,563
	<hr/>	<hr/>
<b>Analysis of net investment gains</b>		
Movement on unrealised gains	(7,467)	1,456
Realised gains based on historic cost of investments disposed of during the year	2,657	1,345
	<hr/>	<hr/>
Net investment (losses)/gains	(4,810)	2,801
	<hr/>	<hr/>

# Assessment and Qualifications Alliance

## Notes to the Accounts

### 10 Fixed Assets (continued)

#### (b) Investments (continued)

Analysis of investments held

	Value at 30 Sept 2008 £000	% of total	Value at 30 Sept 2007 £000	% of total
UK Equities, Pooled Funds and Property Unit Trusts				
Schroder Charity Equity Fund Accumulation Units	6,811	17.5	8,388	19.5
Charishare Accumulation Units	-	-	8,095	18.8
Schroder Exempt Property Units	2,181	5.6	2,983	6.9
Opus Alternative Investment Fund	3,846	9.9	3,814	8.9
BlackRock BPF-UK Property Fund Distribution Units	1,482	3.9	3,607	8.4
Schroder Offshore Cash Fund class 'A' Accumulation Units	2,008	5.2	-	-
BlackRock Institutional Jersey Fund Target Return 'A' Series Income	14,957	38.5	-	-
UK Fixed Interest – listed				
Schroder Charity Fixed Interest Fund Accumulation Units	4,998	12.9	4,713	10.9
Charinco Accumulation Units	-	-	3,801	8.8
Schroder Unit Trusts Strategic Bond	769	2.0	2,143	5.0
International Equities				
33 KWS Overseas Class A Accumulation Units	-	-	2,959	6.9
Other	1,521	3.9	1,267	2.9
Cash held with fund managers	218	0.6	1,277	3.0
	<u>38,791</u>	<u>100.0</u>	<u>43,047</u>	<u>100.0</u>

The BlackRock Institutional Jersey Fund Target Return 'A' Series Income includes a small element of overseas investments.

# Assessment and Qualifications Alliance

## Notes to the Accounts

### 11 Debtors

	2008 £000	2007 £000
Trade debtors	3,465	1,646
Other debtors	12	124
Prepayments and accrued income	5,913	6,035
	<u>9,390</u>	<u>7,805</u>

### 12 Current Asset Investments

Investments totalling £46,200,000 (2007 £ nil) shown under current assets are represented by shares in BlackRock's Institutional Sterling Liquidity Fund, which is managed by BlackRock Institutional Cash Series PLC.

### 13 Creditors: Amounts falling due within one year

Trade creditors	2,272	1,496
Other taxes and social security costs	7,726	8,618
Other creditors	476	534
Accruals	7,041	7,908
Deferred income (note 1(d))	1,965	1,280
	<u>19,480</u>	<u>19,836</u>

### 14 Provisions for Liabilities and Charges

	Leasehold Dilapidations £000	Former Employees £000	Total £000
Balance at 1 October 2007	825	375	1,200
Provided/(released) in the year	44	(50)	(6)
Utilised in the year	-	(325)	(325)
	<u>869</u>	<u>-</u>	<u>869</u>
Balance at 30 September 2008	869	-	869

- (a) 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.
- (b) The provision for former employees represents the fixed liability for added pension years payable to the University Superannuation Scheme (USS). This provision has been fully discharged during the year.

# Assessment and Qualifications Alliance

## Notes to the Accounts

### 15 Unrestricted Fund

	2008 £000	2007 £000
Accumulated fund		
Balance at 1 October 2007	85,382	63,323
Net Incoming Resources	3,045	12,242
Net unrealised (loss)/gain on investments	(7,467)	1,456
	<u>80,960</u>	<u>77,021</u>
Actuarial (loss)/gain on pension schemes	(6,299)	8,361
	<u>74,661</u>	<u>85,382</u>
Balance at 30 September 2008	<u>74,661</u>	<u>85,382</u>

The Council considers that the Reserves of AQA constitute a single unrestricted fund. The Accumulated Fund includes £96,000 unrealised reserves as shown in note 10 (b).

### 16 Reconciliation of Movements in Funds

	2008 £000	2007 £000
Opening funds	85,382	63,323
Net movement in funds in the financial year	(10,721)	22,059
	<u>74,661</u>	<u>85,382</u>
Closing funds	<u>74,661</u>	<u>85,382</u>

### 17 Operating Lease Commitments

At 30 September 2008 AQA was committed to making the following payments during the year commencing on 1 October 2008 in respect of operating leases.

	Land and Buildings		Other	
	2008 £000	2007 £000	2008 £000	2007 £000
Leases which expire:				
Within 1 year	49	46	147	47
within 2 to 5 years	564	525	383	505
after 5 years	344	342	-	-
	<u>957</u>	<u>913</u>	<u>530</u>	<u>552</u>

# Assessment and Qualifications Alliance

## Notes to the Accounts

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### 18 Capital Commitments

There were £47,000 capital commitments contracted for but not provided for (2007 £ nil).

### 19 Retirement Benefits

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

In accordance with FRS17, unfunded pension liabilities are included in the defined benefit pension schemes liability.

AQA has opted to aggregate the FRS17 disclosure notes for the AQA scheme, GMPF and unfunded pension liabilities.

The total pension costs for the year are:

	2008 £000	2007 £000
AQA scheme	3,100	4,800
GMPF	1,748	1,496
Other	996	387
Former employees (note 14)	(50)	45
	<hr/>	<hr/>
	5,794	6,728
	<hr/>	<hr/>

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. The scheme was closed to new entrants from 1 July 2006.

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.

Unfunded pension liabilities represent the liability of unfunded pensions for members of staff who are no longer employees of AQA.

# Assessment and Qualifications Alliance

## Notes to the Accounts

### 19 Retirement Benefits (continued)

#### Principal Actuarial Assumptions

The principal actuarial assumptions at the balance sheet date (expressed as a range where applicable) are as follows:

	2008 % per annum	2007 % per annum
Price increases	3.70	3.50
Pension increases		
in payment	2.80 – 3.70	2.70 – 3.50
deferred	3.70	3.50
Salary increases	5.20	5.00
Discount rate	6.70	5.80 – 5.90
Expected return on assets		
Equities	7.70 – 8.50	8.00
Property	5.60 – 7.00	5.90 – 6.50
Bonds	5.75 – 6.00	5.25 – 5.30
Cash	4.70 – 4.75	5.00

The FRS17 valuations assume that mortality in retirement will be in line with standard tables. The tables used are PMA92/PFA92 projected to year of use 2008, with medium cohort mortality improvements. The average expectation of life on retirement in normal health is assumed to be 20.2 – 21.9 years at age 65 for a male currently aged 65 and 23.0 – 24.8 years at age 65 for a female currently aged 65.

#### Balance Sheet Disclosures

The amounts recognised in the balance sheet are as follows:

	2008 £000	2007 £000
Fair value of scheme assets	102,270	114,246
Present value of funded liabilities	(121,372)	(128,261)
Net pension liability	(19,102)	(14,015)

#### Major categories of scheme assets as a percentage of total scheme assets

	2008 %	2007 %
Equities	59.4	63.3
Property	8.8	7.4
Bonds	26.0	18.8
Cash and other	5.8	10.5
Total	100.0	100.0



# Assessment and Qualifications Alliance

## Notes to the Accounts

### 19 Retirement Benefits (continued)

#### SOFA Disclosures

##### Amounts recognised in the SOFA before Net Incoming Resources

	2008 £000	2007 £000
Current service cost	4,321	5,837
Interest on obligation	7,420	6,244
Expected return on scheme assets	(8,090)	(6,662)
Past service cost	476	400
Losses on curtailments and settlements	51	59
	<hr/>	<hr/>
Total	4,178	5,878
	<hr/>	<hr/>
Actual return on scheme assets	(15,416)	(1,666)
	<hr/>	<hr/>

##### Changes in the present value of the defined benefit obligation

	2008 £000	2007 £000
Opening defined benefit obligation	128,261	125,178
Current service cost	4,321	5,837
Past service costs	476	400
Interest cost	7,420	6,244
Contributions by members	1,580	1,539
Actuarial gains	(18,748)	(8,309)
Experience losses	1,400	800
Losses on curtailments	51	59
Benefits paid	(3,389)	(3,487)
	<hr/>	<hr/>
Closing defined benefit obligation	121,372	128,261
	<hr/>	<hr/>

AQA expects to contribute £6,150,000 to its defined benefit schemes in 2008/09.

# Assessment and Qualifications Alliance

## Notes to the Accounts

### 19 Retirement Benefits (continued)

#### Changes in the fair value of the scheme assets

	2008 £000	2007 £000
Opening fair value of scheme assets	114,246	96,842
Expected return on assets	8,090	6,662
Contributions by members	1,580	1,539
Contributions by employer	5,390	11,838
Actuarial (losses)/gains	(23,647)	852
Benefits paid	(3,389)	(3,487)
	<hr/>	<hr/>
Closing fair value of scheme assets	102,270	114,246
	<hr/>	<hr/>

#### Amounts for the current and previous four years

	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Fair value of scheme assets	102,270	114,246	96,842	81,495	64,190
Present value of defined benefit obligation	(121,372)	(128,261)	(125,178)	(111,081)	(89,664)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net pension (liability)	(19,102)	(14,015)	(28,336)	(29,586)	(25,474)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Experience (losses)/gains on assets	(23,647)	852	4,116	9,252	2,135
Experience (losses)/gains on liabilities	(1,372)	(2,605)	102	(1,345)	2,101

#### Other Defined Benefit Pension Schemes

##### Multi-employer Defined Benefit Schemes

AQA participated in two (2007 two) 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.

##### Defined Contribution Schemes

During the year, the total amount charged to the Statement of Financial Activities in relation to defined contribution schemes (including the defined benefit schemes accounted for as defined contribution schemes under FRS17) amounted to £693,000 (2007 £387,000). The amount charged includes contributions to the AQA defined contribution scheme. No contributions were payable to the schemes at the year end (2007 £nil).