

Assessment and Qualifications Alliance

(a company limited by guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

Registered company number 3644723

Registered charity number 1073334

www.aqa.org.uk



Assessment and Qualifications Alliance Registered Office and Advisers

REGISTERED OFFICE AND COMPANY NUMBERS

Assessment and Qualifications Alliance
Devas Street
Manchester, M15 6EX

Registered company number 3644723
Registered charity number 1073334

PRINCIPAL ADDRESSES

Guildford
Stag Hill House
Guildford
Surrey, GU2 7XJ

Harrogate
31-33 Springfield Avenue
Harrogate, HG1 2HW

Manchester
Devas Street
Manchester, M15 6EX

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester, M2 3PW

BANKERS

The Royal Bank of Scotland
6th 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
Goldman Sachs International, 10-15 Newgate Street, London, EC1A 7HD

WEBSITE www.aqa.org.uk

EMAIL ADDRESS mailbox@aqaaqa.org.uk

Assessment and Qualifications Alliance

Directors' Report

INTRODUCTION

The Assessment and Qualifications Alliance (AQA) is a company limited by guarantee not having a share capital and is a registered charity. The directors, who are also AQA trustees and constitute the members of the Company, present the Directors' Report, incorporating the Trustees' Annual Report, together with the audited Financial Statements for the year ended 30 September 2010.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

Professor P J Layzell (Chair)	
Mr M C Holly (Vice Chair)	
Dr K Aylward	(resigned 19/02/2010)
Mrs D P Chambers	
Ms M Clift	(resigned 29/06/2010)
Mr B D Cookson	
Professor J Elwood	
Mr P J Galsworthy	
Mr A N Gatehouse	
Mr G H Glyn OBE	(retired 31/03/2010)
Ms F Greeves	
Mr J Johnson	(appointed 06/07/2010)
Mrs S M Lupton	
Mr A Maclaren	
Dr P R Mason	(retired 31/03/2010)
Ms A S Milln	
Mr A Parker	
Mrs E M Quaife	(appointed 01/04/2010)
Mr J C Readman	(appointed 01/04/2010)
Ms S Ridgway	(resigned 30/11/2010)
Mr N C Robertson	
Mr A Rowe	
Mr A E D Starr	(retired 31/03/2010)
Mr N Walkey	
Mr G C Wilson	(resigned 21/01/2011)

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	Professor P J Layzell
Finance	Mr N C Robertson
Audit	Mr M C Holly
Irregularities and Appeals	Mr B Cookson
Awarding Standards	Professor P J Layzell
Access Management	Mr A Parker

Advisory committees

Curriculum and Assessment Quality	Ms F Greeves
Research	Professor J Elwood
Information Technology	Mr A Parker

Assessment and Qualifications Alliance

Directors' Report

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 following 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 training workshop is arranged to update trustees on new and emerging issues and provide a forum for strategic discussions.

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, Awarding Standards 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

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. Whilst this Committee has provided valuable input to AQA on ICT matters, it has been wound down from the formal committee structure and replaced by a more flexible form of ad hoc topic specific workshops where appropriate personal participation will depend upon the topic under discussion

AQA also seeks specialist advice from non-trustee members through a number of **Subject Advisory Communities** which relate to specific areas of the curriculum

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 Chief Executive Officer (CEO). The Council meets five times per year. The day to day business of AQA is carried out by the CEO, Andrew Hall, and a team of specialist managers who make up the Executive Team: Andrew Bird (Chief Operating Officer), Bill Alexander (Education Development), Robert Cox (Finance), Geoff Coombe (General Qualifications), Geoff Hurst (Market Strategy), Alison Lewis (Examination Services), Michelle Meadows (Research) and Sadie Visick (Communications).

During the year, Dr Michael Cresswell CBE retired as Director General of AQA and has been replaced by Andrew Hall as the CEO. Dr Cresswell provided excellent leadership to AQA over the past six years and was a highly regarded educational researcher who had an immense knowledge and understanding of education.

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.

Risk management

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

Employee training has been undertaken in previous years to promote the effectiveness of AQA's risk management processes. Further training, based on the organisation's current risk management maturity, is being developed for use in 2011 and beyond.

The Internal Audit Unit (IAU) has historically provided support and advice to AQA managers for the identification and management of risks. The IAU has recently relinquished this supporting role and will carry out independent audits of the organisation's risk management activity as part of its audit plans. A senior manager with responsibility for risk process, and separate from the IAU, has been appointed to work with AQA managers to develop further our risk management and review 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 strategic risk management. The key risks are

Assessment and Qualifications Alliance Directors' Report

- **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 strive to continually improve our processes and performance in the light of experience.
- **Strategic change risk** We must ensure that AQA is able to adapt and grow if it is to remain fit for purpose as an essential provider of qualifications and related educational services. In this context we have robust planning and change management structures and mechanisms in place.

AIMS AND OBJECTIVES

Purpose and aims

AQA's purpose is to work with schools, colleges and learners to help them achieve more and to provide qualifications which recognise learners' achievements, support progression in work and education and are highly valued by employers and educators.

AQA has the specific aim of contributing to education through the provision of high quality specifications, rigorous assessment regimes and excellent support systems. AQA's principal activity is 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, GCSE, Diploma, AQA Baccalaureate (Bacc), Extended Project Qualification (EPQ), Basic and Key Skills, Functional Skills and Foundation Certificate for Secondary Education (FCSE). 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 keep our educational aims, objectives and activities under continuous review, considering our achievements and the outcomes of our work and evaluating the successes and benefits. In addition, trustees consider how future activities will contribute to the agreed aims and objectives and help to equip learners with the knowledge and skills they require for the future. The trustees have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission.

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,
- develop our new GCSE Science specifications and develop and launch further lines of learning for the Diploma,
- improve the range of services to our centres by further extending e-AQA (our secure extranet for centres) and by continuing to innovate by applying appropriate technological advances to our range of products and services as well as the assessment process itself,
- continue to develop our support services for teachers and learners.

The strategies employed to achieve AQA's objectives were to

- play a major role in educational research and policy development,
- increase the volume of examinations marked using e-marking technology,
- extend the use of online standardisation techniques for training examiners,
- extend the range of e-AQA services available to enhance the efficiency of the examination process and improve the information available to schools and colleges,
- extend our range of CPD courses for all teachers, including those who do not teach AQA specifications.

Assessment and Qualifications Alliance

Directors' Report

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 A Levels, GCSEs, 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 2009/10, we invested £11.7m (2008/09 £7.4m) in new product developments (including new specification GCSEs and new Diploma lines of learning), processes (such as online standardising) and service developments (such as e-AQA and Enhanced Results Analysis)
- 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 45% of the national GCSE entry and 44% of A Levels. In total, students take over 3.5 million examinations with AQA each year. Our vocationally-related and work-based qualifications promote lifelong learning and individual attainment and widen participation in education
- AQA provides a wider range of A Level and GCSE courses than any other awarding body
- 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. During the summer however, regrettably we identified a small number of candidate responses that had not been fully marked. The outcome of our internal inquiry on this issue has been published on our website. We are committed to learning from our mistakes to ensure this does not happen again.

Our performance and regulated areas is measured by Ofqual, our regulator, through eight Key Performance Indicators. 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. This summer we achieved 100% in five, and between 78% and 99.5% in the remaining three KPIs. The latest published KPIs can be found on the Ofqual website www.ofqual.org.uk

We have also achieved and maintained the quality standard ISO9001 for our examination processes from the creation of specifications and assessment materials to the assessment of candidates' performances and the issue of results, including support for centres, teachers and candidates. We also hold ISO27001 on our information and security management systems and are proud to have achieved during the year BS OHSAS 18001 on our occupational health and safety management system.

Qualifications

In 2010, all 91 of our revised GCSE specifications (including short courses and single/double awards) were taught in schools and colleges providing the benefit of a greater range of GCSEs than any other awarding body. Our new English, Mathematics and ICT specifications were accredited by Ofqual and available for first teaching in September 2010 in accordance with the Ofqual timetable. Our new GCSE Science specifications have been submitted for accreditation by Ofqual for first teaching in September 2011. A wide range of Entry Level qualifications have also been successfully accredited during 2010 and these demonstrate our commitment to offer a wide portfolio of products to suit different learners.

Assessment and Qualifications Alliance

Directors' Report

The White Paper *The Importance of Teaching* (November 2010) provides opportunities for AQA to advance its educational good in support of its charitable objects and we are developing our plans accordingly, including introducing new products, such as linear GCSEs or 'IGCSEs' in English, Maths and Science for first teaching in September 2011

AQA is an accredited Component Awarding Body and Diploma Awarding Body and during 2009/10 around 6,000 new Diploma students started their courses in September 2010. Whilst the feedback we have had confirms that Diplomas have engaged learners and offered centres new opportunities, Diplomas have proved costly and difficult to administer for schools and colleges, and some centres and consortia have held back from any further expansion of their Diploma courses, pending the detailed outcome of the education reforms. Against this background, AQA and City & Guilds have confirmed that the continuing priority, in the short term, will be to meet the needs of Diploma learners who have already embarked on a Diploma course of study.

Support

We pride ourselves on the quality of the guidance and support we offer to teachers because we know that supporting teachers is fundamental to effective teaching and successful results. That is why we are continually developing our unbeatable range of high quality comprehensive services. For instance, we offer a wide range of face-to-face preparing to teach meetings across the UK on new specifications, teacher controlled assessment 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 are also expanding our programme of Continuing Professional Development (CPD) courses for both primary and secondary teachers and we continue to receive an extremely positive response from attendees. In order to make it easy for all teachers and centres to benefit from our CPD programmes, we have launched exciting new ways for teachers to access our training courses. As well as offering face to face courses, we now offer more flexible access to training through on site support and online CPD. On site support offers our standard workshop and courses, or a custom made programme, delivered to groups of staff at their school, college, consortium or local authority. Online CPD offers access to our latest training programmes, at any time and from any place, by accessing our new online CPD modules.

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 teachers and students have fast and efficient access to information.

Through our innovative programme of projects, we are exploring how technology can enable more online assessment. We are already delivering onscreen testing with GCSE Science, which is widely available to schools and colleges. We have also delivered onscreen testing for our Functional Skills pilots and are planning to roll this out to the main Functional Skills qualifications. We are upgrading our 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.

To further support our teachers, we have added more functionality to 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. Further functionality is being developed for 2010/11.

We have continued to roll out the use of technology where this will support the quality of assessment. We are currently extending the use of our online standardisation functionality to support teachers in applying the required standards to coursework assessments.

There are some exciting developments in our new GCSE English where we are offering a free interactive anthology to support teachers and enhance learning. We are developing online progress tests in support of our new Maths GCSE and our new Science Lab community offers an online forum for engaging with teachers. We have developed Exampro Extra Online, a free package of interactive resources for our GCSE Science teachers which offers a wide range of free teaching resources to help plan, teach and assess Science.

Assessment and Qualifications Alliance

Directors' Report

FINANCIAL REVIEW

Financial results and reserves policy

Net Incoming Resources before Other Recognised Gains for the year was £6,800,000 (2009 Net Outgoing Resources £582,000) After adding the net realised gains on investments of £1,639,000 (2009 losses £967,000), Net Incoming Resources for the year was £8,439,000 (2009 Net Outgoing Resources £1,549,000) This performance was generated on Total Incoming Resources of £151,906,000 (2009 £143,711,000) and reflects improved efficiencies and a pause in some developments pending clarification around future education developments and the White Paper *The Importance of Teaching* (November 2010) It is expected that further significant resources will be deployed following such clarifications

2009/10 has seen continued good performance recovery in our long term investments and the Statement of Financial Activities (SOFA) includes an overall net gain on investments (i.e. the aggregate of the £1,639,000 realised gains and £1,107,000 unrealised gains) of £2,746,000 for the year (2009 gains £2,317,000) The SOFA shows an actuarial gain on defined benefit pension schemes of £5,353,000 (2009 loss £23,083,000)

After taking all of these into account, AQA's Unrestricted Funds increased by £14,899,000 (2009 decrease £21,348,000) to £68,212,000 (2009 £53,313,000)

AQA's balance sheet at 30 September 2010 continues to show healthy liquidity with £50,218,000 invested in cash fund investments and £2,082,000 in cash at bank When placing cash our first priority is security, followed by liquidity and finally the investment return The defined benefit pension schemes liability shown on the balance sheet at 30 September 2010 (as measured by FRS17) is £35,370,000 which represents a reduction of £5,145,000 over the 2009 liability of £40,515,000 The principal causes of this reduction primarily relates to the GMPF where there have been revised longevity tables and a move from RPI to CPI as the measure of inflation for pension increases

AQA excludes the FRS17 pension scheme deficits from the target level of reserves as it believes that it can meet contributions from projected future income without significantly impacting upon planned levels of charitable activity The target level of reserves is between £86m and £102m

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 required in order to maintain the Unrestricted Income Fund at a level sufficient to ensure financial stability whilst avoiding significant fluctuations in examination fees As a result of the triennial valuation for The AQA Pension Scheme, a deficit reduction plan was agreed with the scheme's trustees and as part of this AQA made a deficit reduction payment of £7m We had originally scheduled this payment for September 2010, which would have meant we ended the year with the reserves at just above the middle of our target range of between £86m and £102m As our discussions actually concluded in November 2010, the level of reserves, excluding FRS17 pension deficits, at 30 September 2010 was £103,582,000 which is just above the top of the target range

Shortly after the year end, we concluded our consultation with defined benefit members and negotiations with trustees of The AQA Pension Scheme and closed the defined benefit section of that scheme to future accruals This post balance sheet event is disclosed in Note 18 to these Financial Statements

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 development and launch of GCSE specifications in English, Mathematics and Science, the development and implementation of entirely new qualifications such as the Diploma 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 defined benefit deficit reduction 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

PLANS FOR FUTURE PERIODS

We will continue to promote education for the public benefit drawing upon our long experience of setting and marking public examinations such as A Levels, GCSEs and other qualifications

The White Paper *The Importance of Teaching* (November 2010) provides opportunities for AQA to widen the range of educational services it offers in support of its charitable objects and we are developing our plans accordingly, including introducing new products, such as linear GCSEs or 'iGCSEs' in some subjects for first teaching in September 2011. We will also seek to participate fully in the forthcoming review of the national curriculum and we look forward to opportunities that will arise from the forthcoming Wolf review of vocational education

The launch of our new GCSEs in Science for first teaching in September 2011 will continue and we will improve the range of services to schools and colleges by further extending e-AQA services and by continuing to innovate by applying appropriate technological advances to our range of products and services as well as the assessment process itself

We will also continue to develop our first class support services for teachers and learners

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. Long term 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. Over the rolling five year period as at 30 September 2010 both fund managers underperformed the target largely due to the 2008 economic crisis and stock market falls, although 2009/10 has continued to see good performance recovery in our long term investments

An Investment Sub-committee of the Finance Committee receives quarterly reports from the fund managers and meets three times per year with AQA's 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. 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 and the experience of being an AQA employee

Formal negotiations with staff are held through a Joint Unions Committee

Assessment and Qualifications Alliance Directors' Report

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" at all sites continued 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. The magazine is also available on the AQA website.

The AQA website contains 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.


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 15 February 2011 and signed on its behalf by


Professor P J Layzell

Chair of the Council


Mr N C Robertson

Director

Assessment and Qualifications Alliance

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations

Company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the profit or loss of the charitable company for that period. In preparing these Financial Statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements,
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date this directors' report was approved:

- so far as the director is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Assessment and Qualifications Alliance

Independent Auditors' Report

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 2010 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The Financial Statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' (who are also trustees of the charity for the purposes of charity law) responsibilities for preparing the annual report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the Financial Statements give a true and fair view 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 company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. 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 adequate accounting records, if the company's Financial Statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

We read the other information contained in the annual report, and consider whether it is consistent with the audited Financial Statements. This other information comprises only the directors' report, the registered office and advisors list and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to other information.

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 company's circumstances, consistently applied and adequately disclosed.

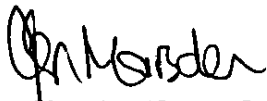
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity 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 Independent Auditors' Report

Opinion

In our opinion

- the Financial Statements give a true and fair view of the state of the company's affairs as at 30 September 2010 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 United Kingdom Generally Accepted Accounting Practice,
- the Financial Statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report is consistent with the Financial Statements



Ian Marsden (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

15 February 2011

Assessment and Qualifications Alliance

Statement of Financial Activities

for the year ended 30 September 2010

	Notes	2010 £000	2009 £000
Incoming Resources			
Incoming resources from generated funds			
Net investment income	3	144	1,189
Incoming resources from charitable activities			
Examination and other income	4	151,762	142,522
		<hr/>	<hr/>
Total Incoming Resources		151,906	143,711
		<hr/>	<hr/>
Resources Expended			
Cost of generating funds			
Investment management costs		86	72
Charitable activities – examination services	5	144,540	143,789
Governance costs		480	432
		<hr/>	<hr/>
Total Resources Expended		145,106	144,293
		<hr/>	<hr/>
Net Incoming/(Outgoing) Resources before Other Recognised Gains/(Losses)	7	6,800	(582)
Other Recognised Gains/(Losses)			
Net realised gains/(losses) on investments	9(b)	1,639	(967)
		<hr/>	<hr/>
Net Incoming/(Outgoing) Resources	14	8,439	(1,549)
Net unrealised gains on investments	9(b)	1,107	3,284
Actuarial gain/(loss) on defined benefit pension schemes	18	5,353	(23,083)
		<hr/>	<hr/>
Net Movement in Funds		14,899	(21,348)
Fund balances brought forward at 1 October 2009		53,313	74,661
		<hr/>	<hr/>
Fund balances carried forward at 30 September 2010		68,212	53,313
		<hr/>	<hr/>

All income is derived from continuing operations. Net Incoming/(Outgoing) Resources represents the surplus for the year for Companies Act purposes. The notes on pages 18 to 32 form part of these Financial Statements.

Assessment and Qualifications Alliance
Balance Sheet
as at 30 September 2010

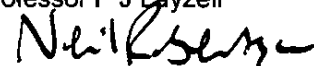
		2010	2009
		£000	£000
	Notes		
Fixed Assets			
Tangible assets	9(a)	14,935	15,556
Investments	9(b)	45,370	41,832
		<u>60,305</u>	<u>57,388</u>
Current Assets			
Stocks		82	179
Debtors	10	8,054	9,695
Investments	11	50,218	44,100
Cash at bank and in hand		2,082	1,547
		<u>60,436</u>	<u>55,521</u>
Creditors: Amounts falling due within one year	12	<u>16,217</u>	<u>18,182</u>
Net Current Assets		<u>44,219</u>	<u>37,339</u>
Total Assets less Current Liabilities		<u>104,524</u>	<u>94,727</u>
Provisions for Liabilities and Charges	13	<u>942</u>	<u>899</u>
Net Assets Excluding Pension Liability		<u>103,582</u>	<u>93,828</u>
Defined benefit pension schemes liability	18	<u>35,370</u>	<u>40,515</u>
Net Assets		<u><u>68,212</u></u>	<u><u>53,313</u></u>
Unrestricted Funds	14	<u><u>68,212</u></u>	<u><u>53,313</u></u>

The notes on pages 18 to 32 form part of these Financial Statements

Approved and authorised for issue by the Council on 15 February 2011 and signed on its behalf by


Professor P J Layzell

Chair of the Council


Mr N C Robertson

Director

Company number 3644723

Assessment and Qualifications Alliance

Cash Flow Statement

for the year ended 30 September 2010

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

	2010		2009
	£000	£000	£000
Net incoming/(outgoing) resources before other recognised gains		6,800	(582)
Net investment income		(144)	(1,189)
Depreciation		1,806	1,941
Profit on disposal of tangible fixed assets		-	(1)
Decrease in stocks		97	47
Decrease/(increase) in debtors		1,641	(305)
(Decrease) in creditors		(1,965)	(1,298)
Increase in provisions		43	30
(Decrease)/increase in defined benefit pension schemes liability		(5,145)	21,413
Actuarial gain/(loss) on defined benefit pension schemes		5,353	(23,083)
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		8,486	(3,027)
		<hr/>	<hr/>
Cash flow statement			
Net cash inflow/(outflow) from operating activities		8,486	(3,027)
Returns on investments and servicing of finance			
Net investment income (note 3)		144	1,189
		<hr/>	<hr/>
Capital expenditure and financial investments			
Capital expenditure	(1,185)		(883)
Investment purchases	(15,942)		(19,616)
Investment sale proceeds	15,153		18,955
(Increase) in invested cash	(3)		(63)
	<hr/>	<hr/>	<hr/>
		(1,977)	(1,607)
		<hr/>	<hr/>
		6,653	(3,445)
Management of liquid resources			
(Increase)/reduction in current asset investments		(6,118)	2,100
		<hr/>	<hr/>
Increase/(decrease) in cash in the year		535	(1,345)
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the year		535	(1,345)
Net funds at 1 October 2009		1,547	2,892
		<hr/>	<hr/>
Net funds at 30 September 2010		2,082	1,547
		<hr/>	<hr/>
Reconciliation in movement of net funds	1 October 2009	Cashflow	30 September 2010
	£000	£000	£000
Cash	1,547	535	2,082
	<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 Financial Statements
for the year ended 30 September 2010

1 Principal Accounting Policies

(a) *Basis of Preparation*

These Financial Statements 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 the United Kingdom. In addition the Financial Statements have been prepared in accordance with the Statement of Recommended Practice on Accounting and Reporting by Charities issued in 2005 (SORP 2005) and comply with the Companies Act 2006. The Financial Statements have been prepared under the going concern basis.

The Charity has adapted the Companies Act formats to reflect the Charities SORP and the special nature of the Charity's activities.

(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 recognised 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) *Research Expenditure*

Research expenditure is charged to the SOFA in the period in which the expenditure is incurred.

(h) *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 defined benefit section of The AQA Pension Scheme, GMPF and the unfunded augmented pension liabilities are accounted for as defined benefit schemes under FRS17. The defined benefit section of The AQA Pension Scheme is closed to future accruals from January 2011.

Assessment and Qualifications Alliance

Notes to the Financial Statements

for the year ended 30 September 2010

1 Principal Accounting Policies (continued)

(h) *Defined Benefit Pension Schemes (continued)*

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.

Under FRS17, the defined benefit pension scheme assets are measured using estimated bid market values for the GMPF scheme and actual bid values for The AQA Pension Scheme. 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.

(i) *Defined Contribution Pension Schemes*

Contributions payable for the year are charged to the SOFA.

(j) *Value Added Tax*

The majority of AQA's supplies are exempt for value added tax 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 cost category or added to the cost of fixed assets.

(k) *Operating Leases*

Charges in respect of operating leases are recognised in the SOFA over the lives of the leasing agreements as incurred on a straight line basis.

(l) *Tangible Fixed Assets and Depreciation*

Tangible fixed assets are stated at historic purchase cost, net of accumulated depreciation. The useful economic lives and residual value of fixed assets have been reviewed at the end of the accounting period. The trustees have not deemed it practical given the cost involved to quantify the difference between the carrying value and market value of interests in land and buildings. 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 - 50 years
Leasehold land	125 years (period of lease)
Office fixtures & fittings and equipment	5 - 8 years
IT equipment	3 years
Motor vehicles	4 years

Assessment and Qualifications Alliance
Notes to the Financial Statements
for the year ended 30 September 2010

1 Principal Accounting Policies (continued)

(l) *Tangible Fixed Assets and Depreciation (continued)*

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.

Tangible fixed assets are stated at historic purchase cost, net of accumulated depreciation. The useful economic

(m) *Fixed Asset Investments*

Investment income is included in the Financial Statements 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 9(b) 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.

(n) *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.

(o) *Current Asset Investments*

Current Asset Investments are held at closing market value at the balance sheet date.

(p) *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.

Assessment and Qualifications Alliance

Notes to the Financial Statements

for the year ended 30 September 2010

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 £28,000 (2009 £34,000), were reimbursed to 22 (2009 22) directors.

3 Net Investment Income

	2010 £000	2009 £000
Interest – UK deposits	12	83
Dividends – UK listed funds	1,210	1,707
	<u>1,222</u>	<u>1,790</u>
Net (charge) to other finance income on defined benefit pension scheme assets and liabilities	(1,078)	(601)
	<u>144</u>	<u>1,189</u>

4 Examination and Other Income

	2010 £000	2009 £000
Examination Income - United Kingdom	144,292	135,317
Examination Income – Overseas	959	780
Other income	6,511	6,425
	<u>151,762</u>	<u>142,522</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 Financial Statements
for the year ended 30 September 2010

	2010 £000	2009 £000
5 Charitable Activities – Examination Services		
Included in examination services are support costs as follows		
Staff costs	10,318	11,781
Other	4,993	5,139
	<u>15,311</u>	<u>16,920</u>
6 Taxation		
AQA is a charity and therefore claims exemption from corporation tax		
7 Net Incoming/(Outgoing) Resources		
	2010 £000	2009 £000
Net Incoming/(Outgoing) Resources for the year is arrived at after charging/(crediting)		
Auditors' remuneration		
audit fee	85	81
audit expenses	2	3
Operating lease rentals		
land and buildings	959	909
plant and machinery	478	523
Depreciation	1,806	1,941
Profit on disposal of tangible fixed assets	-	(1)
Staff Costs (note 8)	48,975	49,337
Provisions		
leasehold dilapidations	43	30

Assessment and Qualifications Alliance
Notes to the Financial Statements
for the year ended 30 September 2010

	2010 £000	2009 £000
8 Staff Costs		
Wages and salaries	37,706	39,581
Social Security costs	2,867	2,896
Pension costs (note 18)	5,692	4,127
	<hr/>	<hr/>
	46,265	46,604
Other staff related costs	2,710	2,733
	<hr/>	<hr/>
	48,975	49,337
	<hr/>	<hr/>

Wages and salaries costs include costs of agency staff

	2010 Number	2009 Number
Average number of employees and agency staff all of whom are directly or indirectly employed in the administration of examinations		
By Activity		
Examinations	921	988
Support and administration	478	468
	<hr/>	<hr/>
	1,399	1,456
	<hr/>	<hr/>

Higher paid employees fell within the following annual bands

£60,001 to £70,000	16	18
£70,001 to £80,000	2	1
£90,001 to £100,000	3	4
£100,001 to £110,000	2	1
£120,001 to £130,000	1	-
£140,001 to £150,000	-	1

Higher paid employees exclude severance costs Contributions were made to defined benefit pension schemes for 22 (2009 22) higher paid employees Contributions amounting to £14,000 (2009 £14,000) were made to defined contribution schemes for 4 (2009 2) higher paid employees

Assessment and Qualifications Alliance
Notes to the Financial Statements
for the year ended 30 September 2010

9 Fixed Assets

(a) *Tangible Assets*

	Freehold Land & Buildings £000	Leasehold Land & Buildings £000	IT Equipment £000	Furniture, Equipment and Vehicles £000	Total £000
COST					
1 October 2009	3,633	15,458	11,475	5,359	35,925
Additions	4	82	983	116	1,185
Disposals	-	-	-	(2)	(2)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2010	3,637	15,540	12,458	5,473	37,108
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION					
1 October 2009	1,044	5,128	10,078	4,119	20,369
Charge for the period	90	350	1,091	275	1,806
On disposals	-	-	-	(2)	(2)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2010	1,134	5,478	11,169	4,392	22,173
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE					
30 September 2010	2,503	10,062	1,289	1,081	14,935
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2009	2,589	10,330	1,397	1,240	15,556
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Assessment and Qualifications Alliance
Notes to the Financial Statements
for the year ended 30 September 2010

9 Fixed Assets (continued)

(b) *Investments*

	2010 £000	2009 £000
Market value at 1 October 2009	41,832	38,791
Additions at cost	15,942	19,616
Disposals at market value (i.e. sales proceeds)	(15,153)	(18,955)
Net movements in cash	3	63
Net investment gains	2,746	2,317
	<hr/>	<hr/>
Market value at 30 September 2010	45,370	41,832
Cost at 30 September 2010	(40,884)	(38,453)
	<hr/>	<hr/>
Balance on net unrealised gain reserve	4,486	3,379
	<hr/>	<hr/>
Analysis of net investment gains		
Movement on unrealised gains	1,107	3,284
Realised gains/(losses) based on historic cost of investments disposed of during the year	1,639	(967)
	<hr/>	<hr/>
Net investment gains	2,746	2,317
	<hr/>	<hr/>

Assessment and Qualifications Alliance
Notes to the Financial Statements
for the year ended 30 September 2010

9 Fixed Assets (continued)

(b) *Investments (continued)*

Analysis of investments held

	Value at 30 Sept 2010 £000	% of total	Value at 30 Sept 2009 £000	% of total
UK Equities and UK Property Unit Trusts				
Schroder Charity Equity Fund Income Units	4,948	10.9	8,336	19.9
Opus Alternative Investment Fund	2,307	5.1	2,238	5.4
BlackRock Institutional Jersey Fund Dynamic Diversified Growth Fund A Income Units	19,442	42.9	17,469	41.8
Other	3,392	7.5	3,221	7.6
UK Fixed Interest – listed				
Schroder Charity Fixed Interest Fund Accumulation Units	3,029	6.7	2,229	5.3
Schroder All Maturities Corporate Bond Fund Income Account	2,647	5.8	4,784	11.4
Schroder International Selection Fund Global High Yield Hedged	2,369	5.2	-	-
Other	1,257	2.8	1,205	2.9
International Equities				
Schroders Institutional Selection Fund QEP Global Quality	2,374	5.2	-	-
Schroders Institutional Global Equity Fund Income	2,444	5.4	2,000	4.8
Other	876	1.9	68	0.2
Cash held with fund managers	285	0.6	282	0.7
	<u>45,370</u>	<u>100.0</u>	<u>41,832</u>	<u>100.0</u>

The BlackRock Institutional Jersey Fund Dynamic Diversified Growth Fund A Income Units includes a small element of overseas investments

Assessment and Qualifications Alliance
Notes to the Financial Statements
for the year ended 30 September 2010

10 Debtors

	2010 £000	2009 £000
Trade debtors	1,470	3,830
Other debtors	63	28
Prepayments and accrued income	6,521	5,837
	<u>8,054</u>	<u>9,695</u>

11 Investments

Investments totalling £50,218,000 (2009 £44,100,000) shown under current assets are represented by shares in the BlackRock Institutional Sterling Liquidity Fund and the Goldman Sachs Sterling Liquid Reserves Fund

12 Creditors: Amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	2,159	1,654
Other taxes and social security costs	7,434	7,473
Other creditors	478	393
Accruals	4,650	5,534
Deferred income	1,496	3,128
	<u>16,217</u>	<u>18,182</u>

13 Provisions for Liabilities and Charges

	Leasehold Dilapidations £000
Balance at 1 October 2009	899
Provided in the year	43
	<u>942</u>
Balance at 30 September 2010	<u>942</u>

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.

Assessment and Qualifications Alliance

Notes to the Financial Statements

for the year ended 30 September 2010

14 Unrestricted Funds

	1 October 2009 £000	Net Income £000	Investment and actuarial gains £000	Transfers £000	30 September 2010 £000
Unrestricted income fund	90,449	8,439	-	208	99,096
Investment revaluation reserve	3,379	-	1,107	-	4,486
Pensions reserve	(40,515)	-	5,353	(208)	(35,370)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total unrestricted funds	53,313	8,439	6,460	-	68,212
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

15 Reconciliation of Movements in Funds

	2010 £000	2009 £000
Opening funds at 1 October 2009	53,313	74,661
Net movement in funds in the financial year	14,899	(21,348)
	<hr/>	<hr/>
Closing funds at 30 September 2010	68,212	53,313
	<hr/>	<hr/>

16 Operating Lease Commitments

At 30 September 2010 AQA was committed to making the following payments during the year commencing on 1 October 2010 in respect of operating leases

	Land and Buildings		Other	
	2010 £000	2009 £000	2010 £000	2009 £000
Leases which expire				
Within 1 year	50	49	291	145
within 2 to 5 years	581	397	3	332
after 5 years	348	470	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	979	916	294	477
	<hr/>	<hr/>	<hr/>	<hr/>

Assessment and Qualifications Alliance

Notes to the Financial Statements

for the year ended 30 September 2010

17 Capital Commitments

There were £16,000 capital commitments contracted for but not provided for (2009 £25,000)

18 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

	2010	2009
	£000	£000
The AQA Pension Scheme	3,300	2,700
GMPF	1,310	951
Other	1,082	476
	<u>5,692</u>	<u>4,127</u>

The defined benefit pension schemes liability is made up as follows

	2010	2009
	£000	£000
The AQA Pension Scheme	20,400	20,500
GMPF	10,870	16,115
Unfunded pension liabilities	4,100	3,900
	<u>35,370</u>	<u>40,515</u>

During the year, AQA operated The AQA Pension Scheme which incorporates a defined benefit section providing benefits based on pensionable salary. The assets of the scheme were held separately from those of AQA being invested in trustee administered funds. The defined benefit section of the scheme was closed to new entrants from 1 July 2006 and to future accruals from January 2011. As a result of the triennial valuation for The AQA Pension Scheme, a deficit reduction plan was agreed with the scheme's trustees and as part of this AQA made a deficit reduction payment of £7m shortly after the financial year end in November 2010.

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 former employees of AQA.

The principal causes of the reduction in the total defined benefit pension schemes liability primarily relates to the GMPF where there have been revised longevity tables and a move from RPI to CPI as the measure of inflation for pension increases.

Assessment and Qualifications Alliance

Notes to the Financial Statements

for the year ended 30 September 2010

18 Retirement Benefits (continued)

Principal Actuarial Assumptions

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

	2010 % per annum	2009 % per annum
Price increases	3 30	3 40
Pension increases - in payment	2 50 – 3 30	2 70 – 3 40
Pension increases - deferred	3 20	3 40
Salary increases	4 10 – 4 30	4 90
Discount rate	4 90	5 50
Expected return on assets		
Equities	6 90 – 7 10	7 25 – 7 30
Property	5 00 – 5 70	5 30 – 6 00
Bonds	4 30 – 4 40	4 75 – 4 80
Cash	3 70 – 4 10	3 75 – 4 40

The FRS17 valuations assume that mortality in retirement will be in line with standard tables. The tables used are a) ClubVITA with longevity improvements based on CMIB's medium cohort with 1% p.a. minimum improvements from 2010 and b) S1PMA/S1PFA projected to year of use 2009 with medium cohort mortality improvements but adjusted to allow for lighter than average expected mortality experience. The average expectation of life on retirement in normal health is assumed to be 21.3 – 21.8 years at age 65 for a male currently aged 65 and 23.9 – 24.5 years at age 65 for a female currently aged 65.

The GMPF asset share for AQA at 30 September 2010 is calculated by rolling forward the Employer's share of the assets allocated at the latest formal valuation, i.e. 31 March 2010. The calculation also allows for investment returns (estimated where necessary), the effect of contributions paid into, and estimated benefits paid from, the Fund by the Employer and its employees. The Employer's asset values have been adjusted to take account of the FRS17 requirement to use the bid value of assets.

The GMPF asset value is based on the actual Main Fund assets as at 30 June 2010 with allowances for estimated investment returns over the period from 1 July 2010 to 30 September 2010.

Balance Sheet Disclosures

The amounts recognised in the balance sheet are as follows

	2010 £000	2009 £000
Fair value of scheme assets	127,863	114,473
Present value of funded liabilities	(163,233)	(154,988)
Net pension liability	<u>(35,370)</u>	<u>(40,515)</u>

Assessment and Qualifications Alliance
Notes to the Financial Statements
for the year ended 30 September 2010

18 Retirement Benefits (continued)

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

	2010 %	2009 %
Equities	60.5	61.4
Property	6.1	6.5
Bonds	29.1	29.2
Cash and other	4.3	2.9
Total	<u>100.0</u>	<u>100.0</u>

SOFA Disclosures

Amounts recognised in the SOFA before Net Incoming/(Outgoing) Resources

	2010 £000	2009 £000
Current service cost	4,500	3,251
Interest on obligation	8,397	8,113
Expected return on scheme assets	(7,319)	(7,512)
Past service cost	110	400
Total	<u>5,688</u>	<u>4,252</u>
Actual return on scheme assets	<u>3,705</u>	<u>8,323</u>

Changes in the present value of the defined benefit obligation

	2010 £000	2009 £000
Opening defined benefit obligation	154,988	121,372
Current service cost	4,500	3,251
Past service costs	110	400
Interest cost	8,397	8,113
Contributions by members	1,533	1,625
Actuarial losses	1,142	26,485
Experience gains	(2,400)	(2,600)
Benefits paid	(5,037)	(3,658)
Closing defined benefit obligation	<u>163,233</u>	<u>154,988</u>

Assessment and Qualifications Alliance

Notes to the Financial Statements

for the year ended 30 September 2010

18 Retirement Benefits (continued)

AQA expects to contribute £11,700,000 to its defined benefit schemes in 2010/11

Changes in the fair value of the scheme assets

	2010 £000	2009 £000
Opening fair value of scheme assets	114,473	102,270
Expected return on assets	7,319	7,512
Contributions by members	1,533	1,625
Contributions by employer	5,480	5,922
Actuarial gains	4,095	802
Benefits paid	(5,037)	(3,658)
	<hr/>	<hr/>
Closing fair value of scheme assets	127,863	114,473
	<hr/>	<hr/>

Amounts for the current and previous four years

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Fair value of scheme assets	127,863	114,473	102,270	114,246	96,842
Present value of defined benefit obligation	(163,233)	(154,988)	(121,372)	(128,261)	(125,178)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net pension liability	(35,370)	(40,515)	(19,102)	(14,015)	(28,336)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Experience gains/(losses) on assets	4,095	802	(23,647)	852	4,116
Experience gains/(losses) on liabilities	2,400	2,600	(1,372)	(2,605)	102

Other Defined Benefit Pension Schemes

Multi-employer Defined Benefit Schemes

AQA participated in two (2009 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 £1,089,000 (2009 £692,000). The amount charged includes contributions to the AQA defined contribution scheme. No contributions were payable to the schemes at the year end (2009 £nil).

