



AQA Education

A company limited by guarantee

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014**

Registered company number 3644723

Registered charity number 1073334

www.aqa.org.uk

AQA Education

Corporate Governance

INTRODUCTION

AQA Education, (AQA), is a company limited by guarantee not having 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 and Strategic Report, together with the audited Consolidated Financial Statements for the year ended 30 September 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

AQA's directors are members of AQA Council and during the year were as follows:

Professor P J Layzell (Chair)
Mr M C Holly (Vice Chair)
Mr M Bramwell
Mrs D P Chambers (retired 31/03/14)
Mr B D Cookson
Professor J Elwood
Mr S Fenton
Mr M J Grant
Ms F M Greeves OBE
Sir Michael Griffiths (appointed 01/04/14)
Mr A Hall
Mr G Jackson OBE
Mr J Johnson
Mrs S M Lupton (retired 31/03/14)
Ms A S Milln
Mrs S Moore
Professor J P Phillips (appointed 01/04/14)
Mrs E M Quaife
Dr J E Robinson
Mr A Rowe
Professor M Smith (appointed 01/04/14)
Mr J Trkulja
Mr N Walkey

Although Trustee vacancies are advertised where there is a particular skills gap on Council, education sector representation is crucial to maintain the integrity of Council and to ensure that the business focus is balanced with our charitable aims. We continue to liaise with national education bodies actively and consistently to ensure the skills and interests of the nominees dovetail with the particular skills gap that Council has at a given time.

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 M J Grant |
| Audit | Mr M C Holly |
| Irregularities and Appeals | Mr B D Cookson |
| Awarding Standards | Professor P J Layzell |

Advisory committees

| | |
|--|--|
| Curriculum and Assessment Quality Research | Ms F M Greeves OBE Professor J Elwood |
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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 structure 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 governance and advisory 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. The governance committees are these:

- **Council Business Group** meets five times per year and acts on behalf of the Council as a clearing house for time-critical decisions. It is also a preliminary review group for strategic analysis and a special study group as required. It also acts as a remuneration committee to decide the Chief Executive's salary.
- **Finance Committee** meets four times per year and is responsible for all matters relating to AQA's financial strategy, operations and investment management.
- **Audit Committee** meets at least four times per year and 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, procedures and risk management.
- **Irregularities and Appeals Committee** meets at least twice per year and advises the Council on all matters relating to irregularities and appeals. It decides on appropriate action in all serious alleged cases of teacher and candidate malpractice relating to AQA's examinations, oversees and contributes to the operation of AQA's appeals procedures.
- **Awarding Standards Committee** meets when necessary prior to the publication of results for each examination series and enables the Council to consider the issues involved when there is an irreconcilable dispute between AQA's Responsible 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 Authority's Conditions of Recognition and Code of Practice.

The Advisory committees are these:

- **Curriculum and Assessment Quality Committee** meets three times per year and advises on all educational matters relating to the curriculum and monitors performance against agreed quality assurance measures.
- **Research Committee** meets three times per year and advises on all matters relating to research and technical aspects of assessment so as to ensure that AQA maintains its leading place nationally in assessment research.

The Council, comprising the trustees of AQA, and 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) who is also a trustee. 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), Geoff Coombe (General Qualifications Development), Martine Garland (Educational Services Development), Alison Lewis (Quality and Customer Standards), Alex Scharaschkin (Centre for Education Research and Practice), Darryl Nunn (Finance and Corporate Services) and Sadie Visick (Communications and Marketing).

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Group structure

AQA is a leading provider of qualifications and support services for teachers and students and an education charity. In support of our charitable purpose we also offer non-conflicting educational services through three wholly owned subsidiary companies. The accounts of these subsidiaries are consolidated into this set of financial statements. The subsidiaries are as follows:

- Alfiesoft Limited is a company incorporated in England and Wales limited by shares (Company number: 04306664) and is wholly owned by AQA. It operates as a provider of a high quality, cloud based assessment platform for primary and secondary schools. The platform includes user-friendly, searchable databases of past test paper questions that have been adapted for on-screen delivery with auto marking and a full reporting suite. The databases include KS2-3 legacy SATs, up to date National Curriculum tests, KS4 GCSE-style questions and AQA GCSE past-paper questions. Teachers can compile on-screen assessments for analysis and progress testing. All products are available through the AlfieCloud.
- Doublestruck Limited is a company incorporated in England and Wales limited by shares (Company number: 02373295) and is wholly owned by AQA. It operates as a provider of online databases of past paper questions to primary and secondary schools. These user friendly, searchable databases, provide teachers with access to past test paper questions from KS2-3 legacy SATs, up to date National Curriculum tests and AQA GCSEs and A-levels. Teachers can create a range of assessment or educational resources; from paper-based topic tests to homework booklets or simply project questions for plenary work. Doublestruck brands are Testbase and Exampro.
- Teachit (UK) Limited is a company incorporated in England and Wales limited by shares (Company number: 04194997) and is wholly owned by AQA. It operates as a provider of high quality assured resources created by teachers for teachers at both primary and secondary level. Teachers access these resources online, and free of charge can download thousands of PDF activity sheets, guides, topic packs etc. For a modest subscription fee, teachers gain access to editable versions and also fun interactive whiteboard activities. This business model has come under pressure from other wholly free provisions in the market.

Following a review of the Teachit (UK) Limited business, the operation will be restructured and from 31 March 2015 will become a department within AQA.

All three companies support high quality, focused teaching and assessment in schools at all age levels and were acquired to assist with the delivery of AQA's charitable objectives, without creating any conflict of interest with the delivery of GCSE and A-level assessments.

PURPOSE AND AIMS

We are the largest provider of academic qualifications taught in schools and colleges. We set and mark the papers for around half of all GCSEs and A-levels taken every year.

Our qualifications are internationally recognised and taught in around 30 countries around the world. They are highly valued by employers and universities and enable young people to progress to the next stage of their lives. Our qualifications suit a range of abilities and include GCSEs, IGCSEs, A-levels, Tech-levels, the Extended Project Qualification and the AQA Baccalaureate.

Born out of five leading universities, we have over a century of qualifications expertise. Today, we employ more than 1,000 people and work with around 35,000 teachers, lecturers, subject experts and academics, who help set and mark our exams. We also work collaboratively with teachers to create resources that are designed around their day-to-day needs.

As an independent charity, our purpose is to advance education by enabling students and teachers to realise their potential. The money we make through providing qualifications gets invested back into education. For example:

- through our Centre for Education Research and Practice, we provide research evidence that helps inform education policy and raise the bar in assessment practice across the world;

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- our Unlocking Potential mentoring programme helps young people who are facing challenges develop their skills and knowledge, increase their self-belief and raise their aspirations.

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, consider our achievements and the outcomes of our work and evaluate 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 2011 to have due regard to public benefit guidance published by the Charity Commission.

THE FOCUS OF OUR WORK

AQA's primary objectives are to:

- provide high quality qualifications which help maintain high education standards in the UK;
- develop qualifications that meet the full range of students' needs and abilities;
- deliver fair and accurate assessments;
- provide great customer service;
- provide support services which enable good teaching and learning;
- provide assessment expertise and research evidence that informs education policy and helps improve assessment practice.

We will achieve these objectives by:

- providing a supportive working environment which brings out the best in all our employees and delivers high performance;
- developing high quality reformed GCSEs and A-levels and a new suite of high quality vocational qualifications;
- extending the provision of teacher tools and resources provided through our subsidiary companies;
- continuously improving the quality of our assessments and marking through a range of dedicated initiatives;
- establishing a new unit dedicated to setting high standards of customer service and ensuring we meet them;
- sharing the work of our Centre for Education Research and Practice more widely and using our expertise to enable better public understanding of what we do and how assessment works.

AQA Education Strategic Report

INTRODUCTION

The directors present their Strategic Report for the year ending 30 September 2014.

PUBLIC BENEFIT

Our purpose is to advance education by enabling students and teachers to realise their potential. For example:

- we award just under half of the national GCSE and A-level entry. In total, we mark over 7 million exam scripts each year. Our vocational and work-based qualifications promote lifelong learning and individual attainment and widen participation in education;
- we provide a broader range of A-level and GCSE courses than any other awarding body, we utilise our charitable status to support some of the more costly qualifications so that we deliver them as well as some of the lower entry subjects. We keep the level and extent of this support under review;
- our Tech-levels are completely new industry specific, technical qualifications designed to provide a robust and relevant pathway to employment or further study. By working in collaboration with employers and professional bodies within the Engineering, IT and Business sectors, we have ensured that the knowledge and skills included in our Tech-levels are up-to-date and completely relevant;
- we play a major role in research and education policy development, working in partnership with schools and colleges and other organisations. Our Centre for Education Research and Practice is a multi-disciplinary research facility that underpins the essential work of our examination awarding and maintenance of standards. It provides valuable and relevant research evidence to inform assessment policy and practice in the UK and internationally;
- each year, we invest in new and revised products, processes and service developments so that we can continue to provide high quality qualifications and support which play a key part in establishing and maintaining educational standards within the UK;
- we work closely with teachers, schools, colleges, employers, higher education, Government and the Regulator (Ofqual) to promote the smooth running and continuing development of the UK qualifications system so that every learner has the opportunity to realise their potential;
- our Unlocking Potential mentoring programme helps young people who are facing challenges develop their skills and knowledge, increase their self-belief and raise their aspirations.

ACTIVITIES AND ACHIEVEMENTS

Operational performance and qualifications development

The comprehensive Government reform of the qualification and examination system means that all awarding bodies must develop new GCSEs and A-levels in phases, with the final set of qualifications being assessed for the first time in 2019.

These new qualifications will be significantly different:

- all qualifications will be linear, with assessment at the end of the two-year course;
- the new AS covers broadly half the content of the new A-levels and has been carefully selected to enable co-teaching strategies;
- a new grading system for GCSEs will be introduced. Students will be awarded a grade from 9 to 1, with 9 being the highest.

These differences mean that we need to revise how we operate internally and structure our cost base to ensure that we continue to serve our customers in a secure, efficient and affordable way.

We are regulated by Ofqual, which checks that we are exercising our responsibilities appropriately against the General Conditions of Recognition. Our first compliance submission was made in April 2012 and we have systems in place to monitor the maintenance of compliance as part of our process for submitting an annual declaration of compliance. We have confirmed our continued compliance since 2012. In 2014 we were the first Awarding Body to have our application accepted to be recognised by Ofqual to offer the new GCSE (9-1) qualifications.

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We have introduced a unit dedicated to quality and customer standards.

We have achieved and maintained the quality standard ISO9001 for:

- our main examination processes;
- support for our schools and colleges, teachers and candidates, including the provision of customer contact operations;
- change management, including project planning and delivery; and
- procurement of resources and third party services.

We also hold ISO27001 on our information and security management systems and BS OHSAS 18001 on our occupational health and safety management system.

Teacher Support

We offer an extensive programme of teacher support meetings covering a broad range of our qualifications including free 'prepare to teach' meetings for new specifications. Materials from such training events are published on our website so that all teachers and other interested parties may have access to them.

Our Continuing Professional Development (CPD) courses span both primary and secondary teachers covering a wide range of topics from subject teaching to leadership.

In order to make all our development programmes as accessible as possible, we now provide more flexible access to training by offering in-school and online delivery, in addition to our face-to-face events. In-school delivery offers our standard workshops and courses, or tailor-made programmes, both of which can be delivered to groups of staff at their school, college, consortium or local authority. Online delivery provides web-based access to live virtual training events which are shorter in duration and are often held at 'twilight' (with the added benefit of reduced travel).

Through our subsidiary companies, Alfiesoft Limited and Doublestruck Limited, we provide educational support to schools and colleges. This support includes user-friendly, searchable databases of past test papers for use in primary and secondary assessment and progress testing.

Centre for Education Research and Practice (CERP)

CERP is a multi-disciplinary research facility that underpins the essential work of our examination awarding and maintenance of standards. It provides valuable and relevant research evidence to inform policy and practice on key issues, both within AQA and the wider education sector. It builds on our research department's international reputation and expertise and is an accessible source of high quality, credible research for policy-makers, practitioners and the research and education communities. Research papers, thought pieces and analyses are made freely available via the CERP website www.cerp.org.uk.

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.

We will re-design and launch an entire new suite of GCSEs and A-levels as part of the Government's second phase education reforms and we will continue to develop our plans accordingly, including further developing and promoting our suite of vocational products and services.

We will continue to improve the range of services to our schools and colleges by further enhancing our on-line services and continue to innovate by applying appropriate technological advances to our range of products and services as well as the assessment process itself. We will also build upon our support services for teachers and learners and continue to develop our Centre for Education Research and Practice to provide expertise and evidence for improving educational services and informing policy.

We shall continue to deploy our expertise to help inform the Government reform agenda and shape the public debate about curriculum, qualifications and the wider examination system.

AQA Education Strategic Report

We shall support schools and colleges with the transition to new and revised qualifications and continue to prioritise the quality of our assessments and related services to schools and colleges.

RISK MANAGEMENT

Operational risk management processes operate in all departments. Strategic risks are reviewed on a regular basis by our Executive Team and Council and operational risks by our senior management. There is a transparent process for escalating risks to these groups for review. Regular reports on the effectiveness of our risk management plans and strategies are provided to the Audit Committee.

Employee training takes place as appropriate to promote the effectiveness of AQA's risk management processes.

The Internal Audit Unit (IAU) carries 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, works 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 risk reviews. 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.** The security of the examination process and the successful delivery of timely and accurate results to students are essential for AQA's ongoing success. We have rigorous processes and contingency plans in place to ensure the delivery of results and strive continually to improve our processes and performance in the light of experience.
- **Strategic change.** We must ensure that AQA is able to adapt and 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.

AQA Education Strategic Report

FINANCIAL RESULTS

These financial statements include the results of the charity, AQA, and our three subsidiary undertakings; Alfiesoft Limited, Teachit (UK) Limited and Doublestruck Limited. The income and expenditure relating to these subsidiaries is shown in the Consolidated Statement of Financial Activities under charitable activities to reflect their provision of educational services in support of our charitable aims.

Net Outgoing Resources before Other Recognised Gains and Losses for the year amounted to £10,056,000 (2013 £2,378,000). After accounting for the net realised gains on investments of £19,000 (2013 £5,584,000) Net Outgoing Resources for the year were £10,037,000 (2013 Net Incoming Resources £3,206,000). This performance was generated on Total Incoming Resources of £144,511,000 (2013 £152,814,000). The financial results for the year include £1,085,000 (2013 £568,000) impairment of the purchased goodwill of Teachit (UK) Limited. The impairment is based on an estimated value in use and is calculated using projected discounted net cash flows. The financial results also include a reorganisation provision of £4,490,000 (2013 £2,463,000).

The performance of our long term investments in 2013/14 has been strong and is reflected in the Consolidated Statement of Financial Activities as an overall net gain on investments (i.e. the aggregate of the £19,000 realised gains and the £2,874,000 net increase in the unrealised gains reserve) of £2,893,000 for the year (2013 £2,417,000).

The Consolidated Statement of Financial Activities shows an actuarial loss on defined benefit pension schemes of £9,934,000 (2013 gain £9,290,000).

After taking all of these into account, AQA's Unrestricted Funds decreased by £17,097,000 (2013 increase £9,329,000) to £73,371,000 (2013 £90,468,000).

The Group Balance Sheet at 30 September 2014 shows healthy liquidity with £26,650,000 in cash fund investments and £3,497,000 in cash at bank and in hand. When placing cash, our first priority is security, followed by liquidity and finally the investment return. On the face of the Group Balance Sheet this year we can see that The AQA Pension Scheme is showing no defined benefit pension asset. The aggregate of the defined benefit pension schemes liability is shown separately and amounts to £20,645,000. This liability is measured by using permitted methodologies within FRS17. The principal causes of this increase are a decrease in the discount rate assumption used to compute the liabilities offset by strong asset returns and additional payments of £2.6m to The AQA Pension Scheme as part of the agreed deficit reduction plan.

This Strategic Report was approved by the Council on 25 February 2015 and signed on its behalf by

Professor P J Layzell Chair of the Council

Mr M J Grant Director

Mr A Hall Director

AQA Education Directors' Report

INTRODUCTION

The directors present their report for the year ended 30 September 2014.

RESERVES POLICY

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 total reserves is between £86m and £102m, and the actual amount at 30 September 2014 on this basis is £94,016,000 and places AQA in a healthy financial position to meet future challenges and invest in the future of education. The target level of reserves reflects the principal financial key performance indicator.

The trustees have designated a number of funds which are a sub-set of the unrestricted funds set up at the trustees' discretion. These funds have been designated in line with AQA's strategy and to improve communications on the usage of reserves. These funds include amounts set aside for fixed assets, property maintenance and development, product development, exam entry profile changes, improvement projects, cash flow cycle and general unrestricted funds and are set out in note 17 to the financial statements.

Trustees review the reserves policy periodically to ensure relevance to current circumstances. The length of time between reviews will normally be one year but no longer than three years. The last review was carried out in 2011/12 and included an independent review by a firm of accountants.

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 revised or entirely new qualifications 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 such developments will generate, and AQA must therefore hold enough reserves to cover major qualifications investment. The target level of reserves will also enable AQA to invest in potential future reforms to the examination system, 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.

GOING CONCERN

These financial statements are prepared on the going concern basis as the group has adequate resources to continue in operational existence for the foreseeable future.

INVESTMENT POWERS AND POLICY

Trustees are empowered to invest AQA's funds not immediately required for its day-to-day activities as they see fit and in accordance with the law. Long term investments are managed by three fund managers and are diversified to reduce risk. The investment performance target during the year was part of a total return target to be achieved over a rolling five year period. Over the rolling five year period to 30 September 2014 the fund managers underperformed against the target, largely due to the effects of the 2008 economic crisis and ensuing global economic slowdown as well as the timing of placements. Whilst 2013/14 saw good performance recovery in our long term investments, the uncertain global economic outlook and market volatility continue to dampen long term investment performance. The Finance Committee receives quarterly reports and analyses on the fund managers' performance from L J Athene who are AQA's professional investment advisers. AQA takes professional investment advice on all of 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.

AQA Education Directors' Report

POLICY FOR EQUALITY AND PEOPLE WITH DISABILITIES

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

COMMUNICATION WITH EMPLOYEES

AQA seeks to engage its employees in helping to inform our strategy and contribute to how we operate. Corporate information is shared via the intranet, in-house newsletters and departmental meetings. A programme of strategy and performance update meetings and Q&A sessions with the Executive Team runs three times a year. An Information and Consultation Forum meets regularly as a means of involving all staff in matters relating to the development of AQA's activities. Employee surveys are undertaken to provide feedback on the experience of working for AQA, and action plans arising from these are put in place to address issues raised. 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" at all sites continued to harness new ideas for improvements and to promote the environmental message throughout the organisation.

ADDITIONAL INFORMATION

The AQA website contains up-to-date information on examination 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 25 February 2015 and signed on its behalf by

Professor P J Layzell Chair of the Council

Mr M J Grant Director

Mr A Hall Director

AQA Education

Statement of Trustees' Responsibilities

The trustees (who are also directors of AQA Education for the purposes of company law) are responsible for preparing the Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AQA Education Auditors' Report

INDEPENDENT AUDITORS' REPORT

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 30 September 2014 and of the group's incoming resources and application of resources, including its income and expenditure and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and parent charitable company financial statements (the "financial statements"), which are prepared by AQA Education, comprise:

- the Group and Parent Charitable Company Balance Sheets as at 30 September 2014;
- the Consolidated Statement of Financial Activities for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended;
- the Principal Accounting Policies; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Strategic Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report, Directors' Report and Statement of Trustees' Responsibilities to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

AQA Education Auditors' Report

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members and trustees 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 these opinions, 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.

Ian Marsden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
25 February 2015

- (a) AQA Education's website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AQA Education
Consolidated Statement of Financial Activities
for the year ended 30 September 2014

| | Notes | Group 2014 £000 | Group 2013 £000 |
|--|--------|-----------------------|-----------------------|
| Incoming Resources | | | |
| Incoming resources from generated funds | | | |
| Investment income | 3 | 1,232 | 1,088 |
| Incoming resources from charitable activities | | | |
| Educational services | 4 | 138,428 | 147,894 |
| Subsidiary undertakings - trading income | 4 & 11 | 4,851 | 3,832 |
| | | <hr/> | <hr/> |
| Total Incoming Resources | | 144,511 | 152,814 |
| Resources Expended | | | |
| Cost of generating funds | | | |
| Investment management costs | | 112 | 46 |
| Charitable activities | | | |
| Educational services | 5 | 149,313 | 151,108 |
| Subsidiary undertakings - trading costs | 5 & 11 | 3,624 | 3,067 |
| Governance costs | | 433 | 403 |
| Impairment of purchased goodwill | 9 | 1,085 | 568 |
| | | <hr/> | <hr/> |
| Total Resources Expended | | 154,567 | 155,192 |
| | | <hr/> | <hr/> |
| Net Outgoing Resources before Other Recognised Gains and Losses | | (10,056) | (2,378) |
| Other Recognised Gains and Losses | | | |
| Net realised gains on investments | 12 | 19 | 5,584 |
| | | <hr/> | <hr/> |
| Net (Outgoing)/Incoming Resources | 7 | (10,037) | 3,206 |
| Net movement on unrealised gains reserve | 12 | 2,874 | (3,167) |
| Actuarial (losses)/gains on defined benefit pension schemes | 21 | (9,934) | 9,290 |
| | | <hr/> | <hr/> |
| Net Movement in Funds | | (17,097) | 9,329 |
| Fund balances brought forward at 1 October | | 90,468 | 81,139 |
| | | <hr/> | <hr/> |
| Fund balances carried forward at 30 September | 17 | 73,371 | 90,468 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The Consolidated Statement of Financial Activities incorporates the Summary Income and Expenditure Account. All income is derived from continuing operations. Net (Outgoing)/Incoming Resources represents the (deficit)/surplus for the year for Companies Act purposes and includes a profit of £1,227,000 relating to subsidiary undertakings (2013 £765,000).

The notes on pages 19 to 39 form part of these financial statements.

AQA Education
Balance Sheets
as at 30 September 2014

| | Notes | Group 2014 £000 | Company 2014 £000 | Group 2013 £000 | Company 2013 £000 |
|--|-------|-----------------------|-------------------------|-----------------------|-------------------------|
| Fixed Assets | | | | | |
| Intangible Assets | | | | | |
| Goodwill | 9 | 2,631 | - | 4,212 | - |
| Tangible Assets | 10 | 13,962 | 13,799 | 15,086 | 14,895 |
| Investments | | | | | |
| Investment in subsidiary undertakings | 11 | - | 4,986 | - | 5,550 |
| Other fixed asset investments | 12 | 54,597 | 54,597 | 51,542 | 51,542 |
| Total Fixed Assets | | 71,190 | 73,382 | 70,840 | 71,987 |
| Current Assets | | | | | |
| Stocks | | 84 | 67 | 91 | 63 |
| Debtors | 13 | 10,685 | 12,617 | 10,703 | 12,090 |
| Investments | 14 | 26,650 | 26,650 | 45,884 | 45,884 |
| Cash at bank and in hand | | 3,497 | 2,438 | 2,951 | 2,449 |
| Total Current Assets | | 40,916 | 41,772 | 59,629 | 60,486 |
| Creditors: Amounts falling due within one year | 15 | 12,171 | 12,652 | 22,323 | 22,973 |
| Net Current Assets | | 28,745 | 29,120 | 37,306 | 37,513 |
| Total Assets less Current Liabilities | | 99,935 | 102,502 | 108,146 | 109,500 |
| Provisions for Liabilities | 16 | 5,919 | 6,589 | 3,587 | 3,587 |
| Net Assets Excluding Pension Asset and Liability | | 94,016 | 95,913 | 104,559 | 105,913 |
| Defined benefit pension scheme asset | 21 | - | - | 1,300 | 1,300 |
| Net Assets Including Pension Asset | | 94,016 | 95,913 | 105,859 | 107,213 |
| Defined benefit pension scheme liability | 21 | 20,645 | 20,645 | 15,391 | 15,391 |
| Net Assets Including Pension Asset and Liability | | 73,371 | 75,268 | 90,468 | 91,822 |
| The Funds for the Charity: | | | | | |
| Unrestricted Income Funds | | | | | |
| Designated funds | | 56,243 | 58,432 | 73,898 | 75,044 |
| General unrestricted funds | | 32,652 | 32,360 | 28,414 | 28,622 |
| Revaluation reserve | | 5,121 | 5,121 | 2,247 | 2,247 |
| Total unrestricted funds before pension liability | | 94,016 | 95,913 | 104,559 | 105,913 |
| Net pension liability | | 20,645 | 20,645 | 14,091 | 14,091 |
| Total Charity Funds | 17 | 73,371 | 75,268 | 90,468 | 91,822 |

AQA Education
Balance Sheets
as at 30 September 2014

The notes on pages 19 to 39 form part of these financial statements. The company registration number is 3644723. The financial statements on pages 15 to 39 were approved and authorised for issue by the Council on 25 February 2015 and signed on its behalf by:

Professor P J Layzell **Chair of the Council**

Mr M J Grant **Director**

Mr A Hall **Director**

AQA Education
Consolidated Cash Flow Statement
for the year ended 30 September 2014

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

| | Group 2014 | Group 2013 |
|--|-------------------|---------------|
| | £000 | £000 |
| Net (outgoing) resources before other recognised gains | (10,056) | (2,378) |
| Net investment income | (1,232) | (1,088) |
| Depreciation | 1,675 | 1,701 |
| Profit on disposal of tangible fixed assets | (4) | (109) |
| Amortisation of goodwill | 496 | 845 |
| Impairment of purchased goodwill | 1,085 | 568 |
| Decrease in stocks | 7 | 15 |
| Decrease in debtors | 18 | 495 |
| (Decrease)/increase in creditors | (10,152) | 45 |
| Increase in provisions | 2,332 | 2,419 |
| Increase/(decrease) in defined benefit pension schemes liability | 7,308 | (11,603) |
| Actuarial (loss)/gain on defined benefit pension schemes | (9,934) | 9,290 |
| Net cash (outflow)/inflow from operating activities | (18,457) | 200 |
| Cash flow statement | | |
| Net cash (outflow)/inflow from operating activities | (18,457) | 200 |
| Returns on investments and servicing of finance | | |
| Net investment income (note 3) | 478 | 1,088 |
| Capital expenditure and financial investments | | |
| Capital expenditure | (551) | (1,366) |
| Fixed asset sales proceeds | 4 | 109 |
| Cost of subsidiary undertakings | - | - |
| Investment purchases | (2,539) | (47,105) |
| Investment sale proceeds | 1,160 | 46,789 |
| Increase/(decrease) in invested cash | 1,217 | (328) |
| | (709) | (1,901) |
| Management of liquid resources | (18,688) | (613) |
| Decrease in current asset investments | 19,234 | 1,361 |
| Increase in cash in the year | 546 | 748 |
| Reconciliation of net cash flow to movement in net funds | | |
| Increase in cash in the year | 546 | 748 |
| Net funds at 1 October | 2,951 | 2,203 |
| Net funds acquired | - | - |
| Net funds at 30 September | 3,497 | 2,951 |
| Reconciliation in movement of net funds | 1 October 2013 | Cash inflow |
| Cash | £000 2,951 | £000 546 |
| | 2,951 | 546 |
| | 30 September 2014 | £000 |
| | £000 3,497 | 3,497 |
| | 3,497 | 3,497 |

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

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

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 and the Charities Act 2011. 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.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

(b) *Basis of Consolidation*

The consolidated Statement of Financial Activities (SOFA), consolidated Balance Sheet and consolidated Cash Flow Statement include the financial statements of AQA Education (the charity) and its subsidiary undertakings: Doublestruck Limited, Teachit (UK) Limited and Alfiesoft Limited.

Acquisitions of the subsidiaries are dealt with by the purchase method which recognises the fair value of the assets and liabilities at acquisition date. Goodwill represents the excess of acquisition costs over the fair value of the group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is amortised over eight years on a straight line basis. The trustees believe that the carrying value of the investments is supported by the underlying net assets position and by business plans.

Intra-group balances and transactions are eliminated in preparing the consolidated financial statements. Two of the subsidiaries have year ends of 31 August 2014 and one has 30 September 2014. For the 31 August year ends the results are consolidated on that year end basis as the trustees do not believe the effect of this difference in year ends to be material to the financial statements of the group.

No separate SOFA has been presented for the charity alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the SORP 2005.

The Net Outgoing Resources for the year for the charity were £9,493,000 (*2013 Net Incoming Resources £2,921,000*) and total funds were £75,268,000 (*2013 £91,822,000*).

(c) *Income*

All income is recognised on a receivable basis. Examination income is included in the Statement of Financial Activities in the period in which the examinations take place.

(d) *Resources Expended*

Expenditure is classified using the headings in the SORP. The direct costs of providing educational 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.

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

1 Principal Accounting Policies (continued)

(e) *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.

(f) *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.

(g) *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.

(h) *Research Expenditure*

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

(i) *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 was closed to new entrants from July 2006 and to future accruals from January 2011. 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.

Contributions to defined contribution pension schemes are charged to the SOFA in the year they are paid.

(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.

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

1 Principal Accounting Policies (continued)

(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. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. 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 land and buildings | 40 years |
| Leasehold land and buildings: | |
| Leasehold land | 125 years (period of lease) |
| Leasehold land and buildings | 5 - 50 years |
| Furniture, equipment and vehicles: | |
| Office fixtures & fittings and equipment | 5 - 8 years |
| Motor vehicles | 4 years |
| IT equipment | 3 years |

For the purposes of the SORP, 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.

(m) *Investments in Subsidiary Undertakings*

These are included at cost less any provision for impairment.

(n) *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 12 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.

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

1 Principal Accounting Policies (continued)

(o) *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.

(p) *Current Asset Investments*

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

(q) *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.

(r) *Related Party Transactions*

The company has applied the FRS8 exemption from disclosing transactions with companies within the same group.

(s) *Designated Funds*

Within the total unrestricted reserves the trustees have designated a number of funds which are a sub-set of the unrestricted funds set up at the trustees' discretion. These funds include amounts set aside for fixed assets, property maintenance and development, product development, exam entry profile changes, improvement projects and cash flow cycle

2 AQA Council

None of the trustees, who constitute the members of the AQA Council, including the Chair, is paid any remuneration for services as trustees to AQA. Travelling and subsistence expenses amounting to £19,000 (2013 £27,000), were reimbursed to 21 (2013: 21) trustees.

3 Investment Income

| | 2014 £000 | 2013 £000 |
|---|--------------|--------------|
| Interest – UK deposits | 4 | 3 |
| Dividends – UK listed funds | 474 | 955 |
| | 478 | 958 |
| Net credit to other finance income on defined benefit pension scheme assets and liabilities | 754 | 130 |
| | 1,232 | 1,088 |

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

4 Incoming Resources from Charitable Activities

| | 2014 £000 | 2013 £000 |
|--|--------------|--------------|
| Educational Services - United Kingdom fee income | 142,254 | 150,798 |
| Educational Services – Overseas fee income | 1,025 | 928 |
| | 143,279 | 151,726 |
| | 143,279 | 151,726 |

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

5 Charitable Activities

| | 2014 £000 | 2013 £000 |
|-----------------------|--------------|--------------|
| Educational services | 134,054 | 137,353 |
| Support costs – staff | 13,616 | 11,817 |
| Support costs – other | 5,267 | 5,005 |
| | 152,937 | 154,175 |
| | 152,937 | 154,175 |

6 Taxation

AQA is a charity and therefore claims exemption from corporation tax. The subsidiary undertakings are non-charitable companies incorporated in England and Wales and are subject to corporation tax.

7 Net (Outgoing)/Incoming Resources

| | 2014 £000 | 2013 £000 |
|---|--------------|--------------|
| Net (Outgoing)/ Incoming Resources for the year is arrived at after charging/(crediting): | | |
| Auditors' remuneration: | | |
| audit fees | 104 | 110 |
| audit expenses | 1 | 3 |
| Operating lease rentals: | | |
| land and buildings | 1,154 | 1,103 |
| plant and machinery | 235 | 457 |
| Depreciation: owned assets | 1,343 | 1,369 |
| Depreciation: leasehold assets | 332 | 332 |
| (Profit) on disposal of tangible fixed assets | (4) | (109) |
| Amortisation of goodwill (note 9) | 496 | 845 |
| Impairment of purchased goodwill | 1,085 | 568 |
| Staff costs (note 8) | 57,680 | 59,173 |
| Provisions: | | |
| leasehold dilapidations | 32 | 42 |
| reorganisation costs charged | 5,024 | 2,377 |
| other | 273 | - |

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

| | 2014 £000 | 2013 £000 |
|---------------------------|--------------|--------------|
| 8 Staff Costs | | |
| Wages and salaries | 44,373 | 46,146 |
| Social Security costs | 3,780 | 3,783 |
| Pension costs (note 21) | 5,484 | 5,373 |
| | 53,637 | 55,302 |
| Other staff related costs | 4,043 | 3,871 |
| | 57,680 | 59,173 |

Wages and salaries costs include costs of agency staff.

| | 2014 Number | 2013 Number |
|---|----------------|----------------|
| Average monthly number of employees and agency staff (all of whom are directly or indirectly employed in the administration of examinations). | | |
| By activity: | | |
| Educational services | 996 | 1,042 |
| Support and administration | 429 | 429 |
| | 1,425 | 1,471 |

Higher paid employees fell within the following annual bands:

| | | |
|----------------------|----|----|
| £60,001 to £70,000 | 11 | 5 |
| £70,001 to £80,000 | 15 | 16 |
| £80,001 to £90,000 | 4 | 3 |
| £90,001 to £100,000 | 2 | 1 |
| £100,001 to £110,000 | 3 | 5 |
| £110,001 to £120,000 | 2 | 1 |
| £140,001 to £150,000 | 1 | - |
| £150,001 to £160,000 | 1 | 1 |
| £190,001 to £200,000 | - | 1 |
| £220,001 to £230,000 | 1 | - |

Higher paid employee costs exclude severance related costs. Contributions were made to defined benefit pension schemes for 14 (2013: 15) higher paid employees. Contributions amounting to £214,000 (2013: £106,000) were made to defined contribution schemes for 24 (2013: 17) higher paid employees.

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

9 Intangible Fixed Assets

Goodwill represents the excess of acquisition costs over the fair value of the group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is amortised over eight years on a straight line basis. The amortisation charge in the year of acquisition is apportioned from the date of acquisition.

The net book value of goodwill at 30 September 2014 includes an additional £1,085,000 impairment for the purchased goodwill of Teachit (UK) Limited (2013 £568,000). This impairment reduces the carrying value of the Teachit goodwill to £nil.

| | Goodwill £000 |
|--------------------------------------|------------------|
| COST | |
| 1 October 2013 and 30 September 2014 | 6,397 |
| | ===== |
| ACCUMULATED AMORTISATION | |
| 1 October 2013 | 2,185 |
| Amortisation charge for the year | 496 |
| Impairment charge for the year | 1,085 |
| | ----- |
| 30 September 2014 | 3,766 |
| | ===== |
| NET BOOK VALUE | |
| 30 September 2014 | 2,631 |
| | ===== |
| <i>30 September 2013</i> | <i>4,212</i> |
| | ===== |

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

10 Tangible Fixed Assets

Group

| | Freehold Land & Buildings £000 | Leasehold Land & Buildings £000 | IT Equipment £000 | Furniture, Equipment and Vehicles £000 | Total £000 |
|---------------------------------|---|--|-------------------------|---|---------------|
| COST | | | | | |
| 1 October 2013 | 3,637 | 15,573 | 12,652 | 7,713 | 39,575 |
| Additions | - | 160 | 65 | 326 | 551 |
| Disposals | - | - | (50) | (95) | (145) |
| | <u>3,637</u> | <u>15,733</u> | <u>12,667</u> | <u>7,944</u> | <u>39,981</u> |
| 30 September 2014 | <u>3,637</u> | <u>15,733</u> | <u>12,667</u> | <u>7,944</u> | <u>39,981</u> |
| ACCUMULATED DEPRECIATION | | | | | |
| 1 October 2013 | 1,407 | 6,473 | 11,207 | 5,402 | 24,489 |
| Charge for the year | 91 | 332 | 765 | 487 | 1,675 |
| On disposals | - | - | (50) | (95) | (145) |
| | <u>1,498</u> | <u>6,805</u> | <u>11,922</u> | <u>5,794</u> | <u>26,019</u> |
| 30 September 2014 | <u>1,498</u> | <u>6,805</u> | <u>11,922</u> | <u>5,794</u> | <u>26,019</u> |
| NET BOOK VALUE | | | | | |
| 30 September 2014 | <u>2,139</u> | <u>8,928</u> | <u>745</u> | <u>2,150</u> | <u>13,962</u> |
| 30 September 2013 | <u>2,230</u> | <u>9,100</u> | <u>1,445</u> | <u>2,311</u> | <u>15,086</u> |

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

10 Tangible Fixed Assets (continued)

Company

| | Freehold Land & Buildings £000 | Leasehold Land & Buildings £000 | IT Equipment £000 | Furniture, Equipment and Vehicles £000 | Total £000 |
|---------------------------------|---|--|-------------------------|---|---------------|
| COST | | | | | |
| 1 October 2013 | 3,637 | 15,573 | 12,400 | 7,698 | 39,308 |
| Additions | - | 160 | 17 | 320 | 497 |
| Disposals | - | - | (50) | (95) | (145) |
| | <u>3,637</u> | <u>15,733</u> | <u>12,367</u> | <u>7,923</u> | <u>39,660</u> |
| 30 September 2014 | <u>3,637</u> | <u>15,733</u> | <u>12,367</u> | <u>7,923</u> | <u>39,660</u> |
| ACCUMULATED DEPRECIATION | | | | | |
| 1 October 2013 | 1,407 | 6,473 | 11,134 | 5,399 | 24,413 |
| Charge for the year | 91 | 332 | 693 | 477 | 1,593 |
| On disposals | - | - | (50) | (95) | (145) |
| | <u>1,498</u> | <u>6,805</u> | <u>11,777</u> | <u>5,781</u> | <u>25,861</u> |
| 30 September 2014 | <u>1,498</u> | <u>6,805</u> | <u>11,777</u> | <u>5,781</u> | <u>25,861</u> |
| NET BOOK VALUE | | | | | |
| 30 September 2014 | <u>2,139</u> | <u>8,928</u> | <u>590</u> | <u>2,142</u> | <u>13,799</u> |
| 30 September 2013 | <u>2,230</u> | <u>9,100</u> | <u>1,266</u> | <u>2,299</u> | <u>14,895</u> |

11 Investment in Subsidiary Undertakings

AQA holds 100% of the share capital of Alfiesoft Limited, Doublestruck Limited and Teachit (UK) Limited. These subsidiaries are incorporated in England and Wales. The activities of the subsidiaries relate to the provision of educational resources.

Included in the acquisition cost for Alfiesoft Limited is an accrual for an estimation of the most likely pay out of the contingent consideration element. This relates to potential amounts of further consideration payable to the former shareholder of Alfiesoft Limited contingent on the company achieving substantial sales and profit growth over a three year period. These amounts, if ultimately paid, will be funded entirely out of additional profits generated in that three year period.

The aggregate net cost of investment shown in the parent company for all three subsidiaries at 30 September 2014 is £4,986,000 (2013 £5,550,000) and is stated after providing for an additional impairment provision in the year ended 30 September 2014 of £564,000 (2013 £2,035,000) against the cost of investment in Teachit (UK) Limited. The total impairment of Teachit Limited at the 30 September 2014 is £2,598,000 (2013 £2,035,000).

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

11 Investment in Subsidiary Undertakings (continued)

The aggregate amount of the subsidiaries' assets, liabilities and funds included in these consolidated financial statements are as follows: assets £3,196,000 (2013 £2,734,000), liabilities £3,608,000 (2013 £2,950,000) and funds £(412,000) (2013 (£216,000)).

12 Other Fixed Asset Investments

Investments

| | Group & Company 2014 £000 | Group & Company 2013 £000 |
|--|------------------------------------|------------------------------------|
| Market value at 1 October 2013 | 51,542 | 48,481 |
| Additions at cost | 2,539 | 47,105 |
| Disposals at market value (i.e. sales proceeds) | (1,160) | (46,789) |
| Net movements in cash | (1,217) | 328 |
| Net investment gains | 2,893 | 2,417 |
| | 54,597 | 51,542 |
| Market value at 30 September 2014 | | |
| Cost at 30 September 2014 | 49,477 | 49,295 |
| | 5,120 | 2,247 |
| Balance on net unrealised gain reserve | | |
| Analysis of net investment gains | | |
| Movement on unrealised gains | 2,874 | (3,167) |
| Realised gains based on historic cost of investments disposed of during the year | 19 | 5,584 |
| | 2,893 | 2,417 |
| Net investment gains | | |

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

12 Other Fixed Asset Investments (continued)

Analysis of market value of investments held

| | Group & Company 2014 £000 | % of total | <i>Group & Company 2013 £000</i> | <i>% of total</i> |
|--|------------------------------------|---------------|--|-----------------------|
| UK Equities and UK Property Unit Trusts | | | | |
| Opus Alternative Investment Fund | - | - | 115 | 0.2 |
| BlackRock Institutional Jersey Fund Dynamic Diversified Growth Fund | 16,554 | 30.3 | 15,331 | 29.8 |
| BLK Global Income Fund | 7,104 | 13.0 | 6,502 | 12.6 |
| Barings Dynamic Asset Allocation Fund Class 1 | 24,722 | 45.3 | 23,645 | 45.9 |
| Other including Veritas | 1,053 | 1.9 | 1,395 | 2.7 |
| UK Fixed Interest – listed | | | | |
| Other | 766 | 1.4 | 473 | 0.9 |
| International fixed interest | 300 | 0.6 | - | - |
| International Equities | | | | |
| Other including Veritas | 3,821 | 7.0 | 2,587 | 5.0 |
| Cash held with fund managers | 277 | 0.5 | 1,494 | 2.9 |
| | <u>54,597</u> | <u>100</u> | <u>51,542</u> | <u>100.0</u> |

AQA Education
Notes to the Financial Statements
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13 Debtors

| | Group 2014 £000 | Company 2014 £000 | <i>Group</i> 2013 £000 | <i>Company</i> 2013 £000 |
|------------------------------------|-----------------------|-------------------------|------------------------------|--------------------------------|
| Trade debtors | 2,310 | 2,163 | 3,453 | 3,153 |
| Amounts owed by group undertakings | - | 2,267 | - | 1,811 |
| Other debtors | 418 | 237 | 161 | 37 |
| Prepayments and accrued income | 7,957 | 7,950 | 7,089 | 7,089 |
| | 10,685 | 12,617 | 10,703 | 12,090 |
| | 10,685 | 12,617 | 10,703 | 12,090 |

Amounts due from group undertakings are unsecured. Loans are repayable on demand with twelve months' notice and interest is charged at a commercial rate.

14 Investments

Investments totalling £26,650,000 (2013 £45,884,000) shown under current assets for the group and company are represented by shares in the BlackRock Institutional Sterling Liquidity Fund and the Goldman Sachs Sterling Liquid Reserves Fund.

15 Creditors: Amounts falling due within one year

| | Group 2014 £000 | Company 2014 £000 | <i>Group</i> 2013 £000 | <i>Company</i> 2013 £000 |
|------------------------------------|-----------------------|-------------------------|------------------------------|--------------------------------|
| Trade creditors | 1,429 | 1,344 | 673 | 511 |
| Amounts owed to group undertakings | - | 1,555 | - | 1,500 |
| Taxation and social security costs | 1,342 | 1,200 | 7,147 | 7,057 |
| Other creditors | 301 | 300 | 823 | 819 |
| Accruals and deferred income | 9,099 | 8,253 | 13,680 | 13,086 |
| | 12,171 | 12,652 | 22,323 | 22,973 |
| | 12,171 | 12,652 | 22,323 | 22,973 |

Amounts due to group undertakings are unsecured. Loans are repayable on demand with twelve months' notice and interest is payable at a commercial rate.

AQA Education
Notes to the Financial Statements
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16 Provisions for Liabilities

Group

| | Reorganisation £000 | Leasehold Dilapidations £000 | Other £000 | Total £000 |
|------------------------------|------------------------|------------------------------------|---------------|---------------|
| Balance at 1 October 2013 | 2,463 | 1,124 | - | 3,587 |
| Provided in the year | 5,024 | 32 | 273 | 5,329 |
| Utilised in the year | (2,997) | - | - | (2,997) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 30 September 2014 | 4,490 | 1,156 | 273 | 5,919 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Company

| | Reorganisation £000 | Leasehold Dilapidations £000 | Other £000 | Total £000 |
|------------------------------|------------------------|------------------------------------|---------------|---------------|
| Balance at 1 October 2013 | 2,463 | 1,124 | - | 3,587 |
| Provided in the year | 5,024 | 32 | 943 | 5,999 |
| Utilised in the year | (2,997) | - | - | (2,997) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 30 September 2014 | 4,490 | 1,156 | 943 | 6,589 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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. The provision for reorganisation relates to estimated costs of changes to staffing structures. Provisions are not discounted.

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

17 Unrestricted funds

| Group | 1 October 2013 | Net Income/ (expenditure) | Investment and actuarial (losses)/gains | Transfers | 30 September 2014 |
|--|-------------------|------------------------------|---|-------------|----------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Designated funds | | | | | |
| Fixed assets | 19,298 | (2,705) | - | - | 16,593 |
| Property maintenance and development | 2,000 | (1,445) | - | 1,445 | 2,000 |
| Product development | 7,000 | (3,185) | - | 3,185 | 7,000 |
| Exam entry profile changes | 9,000 | (2,000) | - | 2,000 | 9,000 |
| Improvement projects | 8,000 | (8,287) | - | 8,287 | 8,000 |
| Cash flow cycle | 28,600 | - | - | (14,950) | 13,650 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total designated funds | 73,898 | (17,622) | - | (33) | 56,243 |
| | | | - | | |
| General unrestricted funds | 28,414 | 7,585 | - | (3,347) | 32,652 |
| Investment revaluation reserve | 2,247 | - | 2,874 | - | 5,121 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Unrestricted funds before Pension Liability | 104,559 | (10,037) | 2,874 | (3,380) | 94,016 |
| Net pension liability | (14,091) | - | (9,934) | 3,380 | (20,645) |
| | | | | - | |
| Total funds | 90,468 | (10,037) | (7,060) | - | 73,371 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

17 Unrestricted funds (continued)

| Company | 1 October 2013 | Net Income/ (expenditure) | Investment and actuarial (losses)/gains | Transfers | 30 September 2014 |
|--|-------------------|------------------------------|---|----------------|----------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Designated funds | | | | | |
| Fixed assets | 20,444 | (1,662) | - | - | 18,782 |
| Property maintenance and development | 2,000 | (1,445) | - | 1,445 | 2,000 |
| Product development | 7,000 | (3,185) | - | 3,185 | 7,000 |
| Exam entry profile changes | 9,000 | (2,000) | - | 2,000 | 9,000 |
| Improvement projects | 8,000 | (8,287) | - | 8,287 | 8,000 |
| Cash flow cycle | 28,600 | - | - | (14,950) | 13,650 |
| Total designated funds | 75,044 | (16,579) | - | (33) | 58,432 |
| General unrestricted funds | 28,622 | 7,085 | - | (3,347) | 32,360 |
| Investment revaluation reserve | 2,247 | - | 2,874 | - | 5,121 |
| Unrestricted funds before Pension Liability | 105,913 | (9,494) | 2,874 | (3,380) | 95,913 |
| Pension liability | (14,091) | - | (9,934) | 3,380 | (20,645) |
| Total funds | 91,822 | (9,494) | (7,060) | - | 75,268 |

The trustees have designated a number of funds which are a sub-set of the unrestricted funds set up at the trustees' discretion. These funds have been designated in line with AQA's strategy and to improve communications on the usage of reserves. The designated funds are:

Fixed assets: This fund is maintained at a sum equal to the net book value of funds invested in fixed assets excluding the managed funds in the long term investments.

Property maintenance and development: This fund is maintained in order to provide for the maintenance and development of the properties for the next year.

Product development: The life cycle of our range of core products, such as A-levels and GCSEs, means that from time to time we need to make significant investments in the development and launch of revised or entirely new qualifications. This fund provides for such strategic investments over the next five years and reflects the high level of government led qualification reform.

Exam entry profile changes: This fund is established to fund any significant timing effects of changes to the exam entry profile caused by structural changes in a number of qualifications.

Improvement projects: This fund provides for the enhancement of systems that improve the way examinations are delivered for the benefit of learners and teachers in schools and colleges over the next year.

Cash flow cycle: This provides for a level of funds in the annual cash flow cycle to fund operations without the need for borrowings.

General unrestricted funds: This fund, which represents AQA's working reserve, ensures that we are able to continue with our obligations in the event of a shortfall in income or a sudden upturn in our expenditure.

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

18 Reconciliation of Movements in Funds

| | Group 2014 £000 | Company 2014 £000 | Group 2013 £000 | Company 2013 £000 |
|---|-----------------------|-------------------------|-----------------------|-------------------------|
| Opening funds at 1 October | 90,468 | 91,822 | 81,139 | 82,778 |
| Net movement in fund balances in the financial year | (17,097) | (16,554) | 9,329 | 9,044 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Closing funds at 30 September | 73,371 | 75,268 | 90,468 | 91,822 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

19 Operating Lease Commitments

At 30 September AQA was committed to making the following payments during the year in respect of operating leases.

Land and Buildings

| | Group 2014 £000 | Company 2014 £000 | Group 2013 £000 | Company 2013 £000 |
|----------------------|-----------------------|-------------------------|-----------------------|-------------------------|
| Leases which expire: | | | | |
| within 1 year | 96 | 96 | 53 | 53 |
| within 2 to 5 years | 573 | 500 | 752 | 653 |
| after 5 years | 346 | 346 | 327 | 326 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 1,015 | 942 | 1,132 | 1,032 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Other

| | Group 2014 £000 | Company 2014 £000 | Group 2013 £000 | Company 2013 £000 |
|----------------------|-----------------------|-------------------------|-----------------------|-------------------------|
| Leases which expire: | | | | |
| within 1 year | 275 | 275 | 101 | 101 |
| within 2 to 5 years | 56 | 56 | 262 | 262 |
| after 5 years | 0 | 0 | 0 | 0 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 331 | 331 | 363 | 363 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

20 Capital Commitments

There were £nil capital commitments contracted for at 30 September 2014 but not provided for (2013 £nil).

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

21 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:

| | 2014 £000 | 2013 £000 |
|-------------------------|--------------|--------------|
| Total AQA pension costs | 5,484 | 5,373 |
| | 5,484 | 5,373 |

The defined benefit pension scheme asset is made up as follows:

| | 2014 £000 | 2013 £000 |
|------------------------|--------------|--------------|
| The AQA Pension Scheme | - | 1,300 |
| | - | 1,300 |

The defined benefit pension schemes liability is made up as follows:

| | 2014 £000 | 2013 £000 |
|------------------------------|--------------|--------------|
| The AQA Pension Scheme | 1,200 | - |
| GMPF | 15,245 | 11,191 |
| Unfunded pension liabilities | 4,200 | 4,200 |
| | 20,645 | 15,391 |
| | 20,645 | 15,391 |

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 July 2006 and to future accruals from January 2011.

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

21 Retirement Benefits (continued)

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 increase in the total defined benefit pension schemes liability are primarily a decrease in the discount rate assumption for FRS17 purposes, a decrease in the expected return on assets and an increase in the assumed life expectancy of scheme members.

Principal Actuarial Assumptions

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

| | 2014 % per annum | 2013 % per annum |
|--------------------------------|---------------------|---------------------|
| Price increases | 2.70 – 3.50 | 2.70 – 3.50 |
| Pension increases - in payment | 2.60 – 3.30 | 2.60 – 3.30 |
| Pension increases - deferred | 2.50 – 2.70 | 2.50 – 2.70 |
| Salary increases | 3.50 – 3.80 | 3.50 – 4.50 |
| Discount rate | 4.00 | 4.50 |
| Expected return on assets | | |
| Equities | 6.20 – 6.50 | 6.30 – 6.50 |
| Property | 4.30 – 4.85 | 4.70 – 5.10 |
| Bonds | 3.40 | 3.80 – 3.90 |
| Cash | 2.90 – 3.10 | 3.00 – 3.50 |

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 base mortality tables based on a long term trend in improvements of 1.5%. The average expectation of life on retirement in normal health is assumed to be 23.0 – 25.1 years at age 65 for a male currently aged 65 and 24.6 years for a male currently aged 50; 25.6 years at age 65 for a female currently aged 65 and 27.4 years for a female currently aged 50.

The GMPF asset share for AQA at 30 September 2014 is calculated by rolling forward the employer's share of the assets valued at 30 June 2014, with allowances for estimated investment returns over the period from 1 July 2014 to 30 September 2014. 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.

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

21 Retirement Benefits (continued)

Balance Sheet Disclosures

The amounts recognised in the balance sheet are as follows:

| | Net Pension Asset | | Net Pension Liabilities | | Total | |
|-------------------------------------|-------------------|--------------|-------------------------|--------------|--------------|--------------|
| | 2014 £000 | 2013 £000 | 2014 £000 | 2013 £000 | 2014 £000 | 2013 £000 |
| Fair value of scheme assets | - | 116,600 | 186,770 | 56,102 | 186,770 | 172,702 |
| Present value of funded liabilities | - | (115,300) | (207,415) | (71,493) | (207,415) | (186,793) |
| Net pension asset/(liability) | - | 1,300 | (20,645) | (15,391) | (20,645) | (14,091) |

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

| | 2014 % | 2013 % |
|----------------|-----------|-----------|
| Equities | 60.3 | 61.7 |
| Property | 10.1 | 9.0 |
| Bonds | 27.6 | 27.5 |
| Cash and other | 2.0 | 1.8 |
| Total | 100.0 | 100.0 |

SOFA Disclosures

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

| | 2014 £000 | 2013 £000 |
|--|--------------|--------------|
| Current service cost | 2,348 | 2,246 |
| Interest on obligation | 8,432 | 7,542 |
| Expected return on scheme assets | (9,549) | (7,672) |
| Past service cost | 332 | 249 |
| Losses on curtailments and settlements | 363 | - |
| Total | 1,926 | 2,365 |
| Actual return on scheme assets | 13,944 | 19,062 |

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

21 Retirement Benefits (continued)

Changes in the present value of the defined benefit obligation

| | 2014 £000 | 2013 £000 |
|------------------------------------|--------------|--------------|
| Opening defined benefit obligation | 186,793 | 179,062 |
| Current service cost | 2,348 | 2,246 |
| Past service costs | 332 | 249 |
| Interest cost | 8,432 | 7,542 |
| Contributions by members | 636 | 664 |
| Actuarial losses | 11,862 | 7,078 |
| Losses on curtailments | 363 | - |
| Experience losses/ (gains) | 2,467 | (4,978) |
| Benefits paid | (5,818) | (5,070) |
| | <hr/> | <hr/> |
| Closing defined benefit obligation | 207,415 | 186,793 |
| | <hr/> <hr/> | <hr/> <hr/> |

Changes in the fair value of the scheme assets

| | 2014 £000 | 2013 £000 |
|-------------------------------------|--------------|--------------|
| Opening fair value of scheme assets | 172,702 | 153,368 |
| Expected return on assets | 9,549 | 7,672 |
| Contributions by members | 636 | 664 |
| Contributions by employer | 5,306 | 4,678 |
| Actuarial gains | 4,395 | 11,390 |
| Benefits paid | (5,818) | (5,070) |
| | <hr/> | <hr/> |
| Closing fair value of scheme assets | 186,770 | 172,702 |
| | <hr/> <hr/> | <hr/> <hr/> |

AQA Education
Notes to the Financial Statements
for the year ended 30 September 2014

21 Retirement Benefits (continued)

Amounts for the current and previous four years

| | 2014 £000 | 2013 £000 | 2012 £000 | 2011 £000 | 2010 £000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Fair value of scheme assets | 186,770 | 172,702 | 153,368 | 136,096 | 127,863 |
| Present value of defined benefit obligation | (207,415) | (186,793) | (179,062) | (155,230) | (163,233) |
| Net pension liability | <u>(20,645)</u> | <u>(14,091)</u> | <u>(25,694)</u> | <u>(19,134)</u> | <u>(35,370)</u> |
| Experience gains/(losses) on assets | 4,395 | 11,390 | 9,278 | (9,605) | 4,095 |
| Experience gains/(losses) on liabilities | (2,467) | 4,978 | (188) | 1,300 | 2,558 |

Other Defined Benefit Pension Schemes

Multi-employer Defined Benefit Schemes

AQA participated in two (2013 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 £2,896,000 (2013: £2,709,000). The amount charged includes contributions to the AQA defined contribution scheme. No contributions were payable to the schemes at the year end (2013: £nil).