



## **AQA Education**

**A company limited by guarantee**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015**

**Registered company number 3644723**

**Registered charity number 1073334**

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

# AQA Education Corporate Governance

---

## INTRODUCTION

AQA Education (AQA) is a company limited by guarantee, it does not have share capital and it 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 2015.

## 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 Bramwell	
Mr B D Cookson	retired 31/03/2015
Professor J Elwood	
Mr S Fenton	
Mr M J Grant (Vice Chair)	
Ms F M Greeves OBE	
Sir Michael Griffiths	
Mr A Hall	
Ms P J Hird	appointed 01/04/2015
Mr M Holly	retired 31/03/2015
Mr G Jackson OBE	
Mr J Johnson	
Ms A S Milln	
Mrs S Moore	
Ms L Naqushbandi	appointed 01/04/2015
Mr P Nesbitt	appointed 01/07/2015
Professor J P Phillips	
Mrs E M Quaife	
Dr J E Robinson	
Mr A Rowe	
Ms J E Smith	appointed 01/04/2015
Professor M E Smith	
Mr J Trkulja	
Mr J van Wijngaarden	appointed 01/04/2015
Mr N Walkey	

Director vacancies are advertised when there is a particular skills gap within the overall membership of our Council of directors. 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 we seek.

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 Committee	Mr M J Grant
Audit Committee	Mr J van Wijngaarden
Irregularities and Appeals Committee	Mr M Bramwell
Awarding Standards Committee	Professor P J Layzell
Nominations Committee	Professor P J Layzell
Remuneration Committee	Professor P J Layzell

# AQA Education

## Corporate Governance

---

### Advisory committees

Curriculum and Assessment Quality Committee  
Research Committee

Ms F M Greeves OBE  
Professor J Elwood

AQA provides new directors with an induction session in order to inform them about the organisation and explain their duties as charity trustees. Each year, a training workshop is arranged to update directors on new and emerging issues and provide a forum for strategic discussions.

All directors are required annually to complete a Register of Interests and to declare any potential conflict of interest. This also applies to governance and advisory committee members who are not directors.

AQA's Articles of Association provide for a range of governance and advisory committees as well as our Council of directors. All of the committees are chaired by directors and, with the exception of Council Business Group, Finance Committee and Awarding Standards Committee, include directors and non-directors within their membership. This provides a breadth of experience in teaching and assessment, as well as commercial, operational and other professional and technical skills.

The governance committees are:

- **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.
- **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 annual financial statements of AQA; the independence and performance of the external and internal auditors and 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 examination irregularities and appeals. It decides on appropriate action in all serious alleged cases of teacher and candidate malpractice relating to AQA's examinations, and oversees and contributes to the operation of AQA's appeals procedures.
- **Awarding Standards Committee** - meets only if required, prior to the publication of the results for each examination series, in the event that there is an irreconcilable difference of opinion between AQA's Responsible Officer and a Chair of Examiners about the standard being set in a particular examination.
- **Nominations Committee** - meets at least once per year and makes recommendations to Council on the appointment and continuation in office of directors; ensuring that appropriate procedures are in place for the selection, training and evaluation of all directors.
- **Remuneration Committee** – meets at least once per year and advises Council about appropriate remuneration and terms of service for the Chief Executive Officer and other members of the senior management team.

The advisory committees are:

- **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.

# AQA Education

## Corporate Governance

---

- **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 Corporate Board: Patricia Brennan (Strategy and Delivery), Geoff Coombe (Qualifications and Markets), Martine Garland (Developmental Activities), Darryl Nunn (Finance and Corporate Services), Alex Scharaschkin (Research and Compliance) and Sadie Visick (Corporate Affairs).

### 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 two wholly-owned subsidiary companies. The financial statements 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 and 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 and 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.

The group 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.

In May 2015, AQA formed a joint venture company with Oxford University Press, Oxford International AQA Examinations Limited. The company offers a new suite of international GCSE and A-level qualifications to schools outside the UK that teach a British curriculum. The qualifications are designed and delivered by AQA and externally validated to ensure they are comparable to UK qualifications. Oxford University Press, a department of the University of Oxford, provides international reach and learning materials.

### PURPOSE AND AIMS

We are the largest provider of academic qualifications taught in schools and colleges in England. 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, A-levels; International qualifications; Tech-levels; the Extended Project Qualification; the AQA Baccalaureate and the Unit Award Scheme.

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 examinations. We also work collaboratively with teachers to create resources that are designed around their day-to-day needs.

# AQA Education

## Corporate Governance

---

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 is re-invested into education. For example:

- through our Centre for Education Research and Practice (CERP), we both provide and fund research that helps inform education policy and improve assessment practice;
- our Unlocking Potential mentoring programme helps young people who are facing challenges to develop their skills and knowledge, increase their self-belief and raise their aspirations;
- we cross-subsidise qualifications to ensure the provision of educationally valuable low-entry qualifications.

### **ENSURING OUR WORK DELIVERS OUR AIMS**

Informed by the advice contained in the Charity Commission's general guidance on public benefit, AQA directors 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, the directors 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 directors 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 world class qualifications that help to maintain high education standards and develop qualifications that meet the full range of students' needs and abilities;
- deliver fair and accurate assessments;
- provide high quality customer service;
- provide support services that enable good teaching and learning;
- provide assessment expertise and research evidence that inform education policy and help improve assessment practice.

We will achieve these objectives by:

- providing a supportive working environment that 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 tools and resources for teachers, provided through our subsidiary companies;
- continuously improving the quality of our assessments and marking through the design process;
- sharing the work of our Centre for Education Research and Practice (CERP) 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 ended 30 September 2015.

## PUBLIC BENEFIT

We are an independent education charity and the UK's largest provider of academic qualifications for schools and colleges. Our purpose is to advance education by enabling students and teachers to realise their potential. This means that educational values and supporting good teaching and learning are at the heart of what we do.

- We offer a broad range of qualifications designed for students of all abilities that includes GCSEs; A-levels; Tech-levels; the Extended Project Qualification; the AQA Baccalaureate and the Unit Award Scheme.
- Our qualifications enable students to progress to the next stage in their lives and are highly valued by employers and universities. They are recognised internationally and taught in around 30 countries around the world.
- We work in collaboration with employers and professional bodies to develop Tech-levels. These are new, industry-specific qualifications that give learners the knowledge and skills for higher apprenticeships, university or employment.
- We work closely with teachers and collaborate with them to create support and resources that are designed around their teaching needs. This informs our thinking about assessment and the impact it has on what happens in the classroom.
- Our Centre for Education Research and Practice (CERP) aims to put cutting-edge assessment research at the heart of education policy and practice. We invest in education research that helps inform education policy and raises the bar in assessment practice across the world.
- Each year, we invest in new and revised products, processes and service developments which play a key part in establishing and maintaining educational standards within the UK.
- We help young people to aim high and achieve by providing them with eight months of dedicated mentoring support through the AQA Unlocking Potential programme, run in partnership with the Dame Kelly Holmes Trust.

## ACTIVITIES AND ACHIEVEMENTS

### Qualifications development and operational performance

Over the past few years, the Government has introduced a number of changes with the policy aim to increase the rigour of qualifications and the focus on assessment by examination. Awarding bodies have developed new GCSEs and A-levels in phases, with the final set of qualifications being assessed for the first time in 2020.

The main changes are:

- assessment will be made at the end of the course and cover the content from the previous two years;
- coursework will only be used when it is the only valid way to assess essential elements of the subject;
- new stand-alone AS qualifications designed to be co-teachable with the A-level; and
- a new grading system for GCSEs in which students will be awarded a grade from 9 to 1, with 9 being the highest.

The new grades will provide greater differentiation at the higher levels and a 'good pass' (grade 5) will be more demanding than the current grade C.

These changes mean that we are revising 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.

# AQA Education Strategic Report

---

The Office of Qualifications and Examinations Regulation (Ofqual) is the regulator of qualifications, examinations and assessments in England. Ofqual undertake checks to ensure that we are exercising our responsibilities appropriately against the General Conditions of Recognition. Since 2012, we have maintained our compliance and have submitted our annual declaration of compliance to Ofqual. We have introduced internal systems to monitor and maintain our compliance, as well as introducing a department 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.

## Supporting teachers

In addition to our qualifications, we provide a wide range of tools and resources for teachers. This includes:

- **Prepare to Teach:** to support teachers with the new specifications, we offer free events which cover everything that teachers need to bring out the best in their students. To support as many teachers as possible, we publish these training event materials on our website.
- **Continuing Professional Development (CPD):** we offer a wide portfolio of training events, ranging from subject teaching to leadership development courses. We have flexible delivery models and offer events face to face at regional venues, in schools and online. Last year, we delivered training to over 40,000 teachers.
- **Formative Assessment:** through our subsidiary companies, 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)

Our assessment expertise provides the foundation for everything we do at AQA, and ensures that we are able to continuously improve the quality and reliability of our assessments. As a charity, we invest in education research that benefits students and teachers. We share our research with other assessment experts and policymakers to ensure that they have a sound evidence base for considering what would be in the best interests of students. We also present papers and participate in national and international education conferences.

Our research department's international reputation and expertise is an accessible source of high quality, credible research for policy-makers, practitioners and the research and education communities.

We help support and shape education by:

- providing a forum for researchers and policymakers from across the education sector to share their thoughts on current issues in education.
- making our research available through a searchable online library that covers a wide range of topics across education and assessment.
- engaging with the education research community by writing blogs on the key issues they are facing as they carry out their research.

Research papers are made freely available on the CERP website [www.cerp.org.uk](http://www.cerp.org.uk).

# AQA Education Strategic Report

---

## PLANS FOR FUTURE PERIODS

AQA has over a century of qualifications expertise and advancing education is at the heart of what we do. We will continue to promote education for the public benefit and support teachers to bring out the best in every student.

In line with the Government's education reforms, our focus will continue to be on designing and launching the new suite of GCSEs and A-levels and our new vocational products and services.

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

## RISK MANAGEMENT

Risk management processes operate in all departments. Strategic risks are reviewed on a regular basis by our Corporate Board and Council, and operational risks by department managers. There is a transparent process for escalating risks to these groups. Regular reports on the effectiveness of our risk management are provided to the Audit Committee.

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

Our internal auditors carry out independent audits of the organisation's risk management activity as part of our agreed audit plan. A senior manager with responsibility for risk process works with AQA managers to develop our management of risk across the organisation.

The Audit Committee, comprising four directors 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 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 in place.

# AQA Education Strategic Report

---

## FINANCIAL RESULTS

These financial statements include the results of the charity, AQA, and our two subsidiary undertakings; Alfiesoft 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. During the year, the trade and net assets of Teachit (UK) Limited was hived up into AQA.

Net Outgoing Resources before Other Recognised Gains and Losses for the year amounted to £4,954,000 (2014 £10,056,000). After accounting for the net realised gains on investments of £727,000 (2014 £19,000) Net Outgoing Resources for the year were £4,227,000 (2014 £10,037,000). This performance was generated on Total Incoming Resources of £150,847,000 (2014 £144,511,000). The financial result for the year does not include an impairment of the purchased goodwill of Teachit (UK) Limited of £nil (2014 £1,085,000) as this was fully impaired in 2014. The financial results include a reorganisation charge of £1,352,000 (2014 £4,490,000).

The performance of our long term investments in 2014/15 has been pleasing given world market performance and is reflected in the Consolidated Statement of Financial Activities as an overall net gain on investments (i.e. the aggregate of the £352,000 unrealised losses and the £727,000 net increase in the realised gains reserve) of £375,000 for the year (2014 £2,893,000).

The Consolidated Statement of Financial Activities shows an actuarial gain on defined benefit pension schemes of £2,110,000 (2014 loss £9,934,000).

After taking all of these into account, AQA's Unrestricted Funds decreased by £2,469,000 (2014 £17,097,000) to £70,902,000 (2014 £73,371,000).

The Group Balance Sheet at 30 September 2015 shows healthy liquidity with £30,702,000 (2014 £26,650,000) in cash fund investments and £2,145,000 (2014 £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 a defined benefit pension asset of £3,608,000 (2014 £nil). The aggregate of the defined benefit pension schemes liability is shown separately and amounts to £18,576,000 (2014 £20,645,000). This liability is measured by using permitted methodologies within FRS17. The principal causes of this decrease are an increase in the discount rate assumption used to compute the liabilities offset by strong asset returns.

This Strategic Report was approved by the Council on 25 February 2016 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 2015.

## **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 £80m and £102m, and the actual amount at 30 September 2015 on this basis is £85,870,000 (2014 £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 directors have designated a number of funds which are a sub-set of the unrestricted funds set up at the directors' 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 other unrestricted funds and are set out in note 17 to the financial statements.

The directors 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 2014/15.

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**

The directors 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. 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 senior management team runs twice 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](http://www.aqa.org.uk).

## **APPOINTMENT OF AUDITORS**

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

This report was approved by the Council on 25 February 2016 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 directors 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, application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the directors 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 directors 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.

### **Statement of disclosure of information to auditors**

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the directors 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

---

## REPORT ON THE FINANCIAL STATEMENTS

### Our opinion

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 2015 and of the group's and parent charitable company'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 2015;
- the Consolidated Statement of Financial Activities for the year then ended;
- the group 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 2016

AQA Education  
**Consolidated Statement of Financial Activities**  
for the year ended 30 September 2015

	Note	Group 2015 £000	Group 2014 £000
<b>Incoming Resources</b>			
Incoming resources from generated funds			
Investment income	3	2,033	1,232
Incoming resources from charitable activities			
Educational services	4	144,036	138,428
Subsidiary undertakings - trading income	4 & 11	4,778	4,851
		<hr/>	<hr/>
Total Incoming Resources		150,847	144,511
		<hr/>	<hr/>
<b>Resources Expended</b>			
Cost of generating funds			
Investment management costs		113	112
Charitable activities			
Educational services	5	151,053	149,313
Subsidiary undertakings - trading costs	5 & 11	3,949	3,624
Governance costs		492	433
Impairment of purchased goodwill		-	1,085
Share of loss in joint venture	16	194	-
		<hr/>	<hr/>
Total Resources Expended		155,801	154,567
		<hr/>	<hr/>
<b>Net Outgoing Resources before Other Recognised Gains and Losses</b>		(4,954)	(10,056)
<b>Other Recognised Gains and Losses</b>			
Net realised gains on investments	12	727	19
		<hr/>	<hr/>
<b>Net Outgoing Resources</b>	7	(4,227)	(10,037)
Net movement on unrealised (losses)/gains reserve	12	(352)	2,874
Actuarial gains/(losses) on defined benefit pension schemes		2,110	(9,934)
		<hr/>	<hr/>
<b>Net Movement in Funds</b>		(2,469)	(17,097)
Fund balances brought forward at 1 October		73,371	90,468
		<hr/>	<hr/>
Fund balances carried forward at 30 September	17	70,902	73,371
		<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 Resources represents the deficit for the year for Companies Act purposes and includes a profit of £904,000 relating to subsidiary undertakings (2014 £1,227,000).

The notes on pages 19 to 40 form part of these financial statements.

AQA Education  
**Balance Sheets**  
as at 30 September 2015

	Note	Group 2015 £000	Company 2015 £000	Group 2014 £000	Company 2014 £000
<b>Fixed Assets</b>					
<b>Intangible Assets</b>					
Goodwill	9	2,213	-	2,631	-
<b>Tangible Assets</b>	10	13,017	12,990	13,962	13,799
<b>Investments</b>					
Investment in subsidiary undertakings	11	-	5,064	-	4,986
Other fixed asset investments	12	42,708	42,708	54,597	54,597
<b>Total Fixed Assets</b>		<b>57,938</b>	<b>60,762</b>	<b>71,190</b>	<b>73,382</b>
<b>Current Assets</b>					
Stocks and work in progress		291	291	84	67
Debtors	13	12,071	13,368	10,685	12,617
Investments	14	30,702	30,702	26,650	26,650
Cash at bank and in hand		2,145	1,504	3,497	2,438
<b>Total Current Assets</b>		<b>45,209</b>	<b>45,865</b>	<b>40,916</b>	<b>41,772</b>
<b>Creditors: Amounts falling due within one year</b>	15	<b>14,768</b>	<b>15,447</b>	<b>12,171</b>	<b>12,652</b>
<b>Net Current Assets</b>		<b>30,441</b>	<b>30,418</b>	<b>28,745</b>	<b>29,120</b>
<b>Total Assets less Current Liabilities</b>		<b>88,379</b>	<b>91,180</b>	<b>99,935</b>	<b>102,502</b>
<b>Provision for Liabilities and Charges</b>	16	<b>2,509</b>	<b>2,509</b>	<b>5,919</b>	<b>6,589</b>
<b>Net Assets Excluding Pension Asset and Liability</b>		<b>85,870</b>	<b>88,671</b>	<b>94,016</b>	<b>95,913</b>
Defined benefit pension scheme asset	21	3,608	3,608	-	-
<b>Net Assets Including Pension Asset</b>		<b>89,478</b>	<b>92,279</b>	<b>94,016</b>	<b>95,913</b>
Defined benefit pension scheme liability	21	18,576	18,576	20,645	20,645
<b>Net Assets Including Pension Asset and Liability</b>		<b>70,902</b>	<b>73,703</b>	<b>73,371</b>	<b>75,268</b>
<b>The Funds for the Charity:</b>					
<b>Unrestricted Income Funds</b>					
Designated funds		46,230	49,053	56,243	58,432
General unrestricted funds		34,871	34,849	32,652	32,360
Investment revaluation reserve		4,769	4,769	5,121	5,121
<b>Total unrestricted funds before pension liability</b>		<b>85,870</b>	<b>88,671</b>	<b>94,016</b>	<b>95,913</b>
Net pension liability		14,968	14,968	20,645	20,645
<b>Total Charity Funds</b>	17	<b>70,902</b>	<b>73,703</b>	<b>73,371</b>	<b>75,268</b>

AQA Education  
**Balance Sheets**  
as at 30 September 2015

---

The notes on pages 19 to 40 form part of these financial statements. The company registration number is 3644723. The financial statements on pages 15 to 40 were approved and authorised for issue by the Council on 25 February 2016 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 2015

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

	£000	Group 2015	£000	Group 2014	£000
Net (outgoing) resources before other recognised gains			(4,954)		(10,056)
Net investment income			(2,033)		(1,232)
Depreciation			1,511		1,675
Loss/(profit) on disposal of tangible fixed assets			117		(4)
Amortisation of goodwill			496		496
Impairment of purchased goodwill			-		1,085
(Increase)/decrease in stocks			(207)		7
(Increase)/decrease in debtors			(880)		18
Increase/(decrease) in creditors			2,091		(10,152)
(Decrease)/increase in provisions			(3,410)		2,332
(Decrease)/increase in defined benefit pension schemes liability			(4,125)		7,308
Actuarial gain/(loss) on defined benefit pension schemes			2,110		(9,934)
<b>Net cash (outflow) from operating activities</b>			(9,284)		(18,457)
<b>Cash flow statement</b>					
Net cash (outflow) from operating activities			(9,284)		(18,457)
Returns on investments and servicing of finance					
Net investment income (note 3)			481		478
Capital expenditure and financial investments					
Capital expenditure	(694)			(551)	
Fixed asset sales proceeds	11			4	
Cost of subsidiary undertakings	(78)			-	
Investment purchases	(14,532)			(2,539)	
Investment sale proceeds	27,495			1,160	
(Decrease)/increase in invested cash	(699)			1,217	
			11,503		(709)
<b>Management of liquid resources</b>					
(Decrease)/increase in current asset investments			2,700		(18,688)
			(4,052)		19,234
(Decrease)/increase in cash in the year			(1,352)		546
<b>Reconciliation of net cash flow to movement in net funds</b>					
(Decrease)/increase in cash in the year			(1,352)		546
Net funds at 1 October			3,497		2,951
<b>Net funds at 30 September</b>			2,145		3,497
<b>Reconciliation in movement of net funds</b>					
	1 October 2014		Cash outflow		30 September 2015
Cash	£000		£000		£000
	3,497		(1,352)		2,145

Liquid resources are those items which are readily convertible to cash at or close to their carrying amount. The notes on pages 19 to 40 form part of these financial statements.

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

---

**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 (Charities 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 2006 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.

On 1 April 2015 the trade and net assets of Teachit (UK) Limited were hived up into AQA and therefore results ceased to be consolidated from that date.

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 a year end of 31 August 2015 and one has 30 September 2015. 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 Charities SORP 2005.

The Net Outgoing Resources for the year for the charity were £3,323,000 (*2014 Net Outgoing Resources £9,493,000*) and total funds were £73,703,000 (*2014 £75,268,000*).

(c) *Income*

All income is recognised on a receivable basis. Examination income is included in the SOFA in the period in which the examinations take place.

(d) *Resources Expended*

Expenditure is classified using the headings in the Charities SORP 2005. 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 2015

---

**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 2015

---

**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 2015

---

**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) *Joint Venture*

Entities in which AQA holds an interest and which are jointly controlled by the entity and one or more other venturers under a contractual arrangement are treated as joint ventures. In the financial statements, joint ventures are accounted for using the equity method.

AQA's share of the loss of the joint venture is recognised in the SOFA.

(s) *Related Party Transactions*

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

(t) *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 £24,627 (2014 £19,000), were reimbursed to 26 (2014 21) trustees.

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

**3 Investment Income**

	2015 £000	2014 £000
Interest – UK deposits	11	4
Dividends – UK listed funds	470	474
	481	478
Net credit to other finance income on defined benefit pension scheme assets and liabilities	1,552	754
	2,033	1,232

**4 Incoming Resources from Charitable Activities**

	2015 £000	2014 £000
Educational Services - United Kingdom fee income	147,761	142,254
Educational Services – Overseas fee income	1,053	1,025
	148,814	143,279
	148,814	143,279

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**

	2015 £000	2014 £000
Educational services	134,205	134,054
Support costs – staff	15,536	13,616
Support costs – other	5,261	5,267
	155,002	152,937
	155,002	152,937

**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.

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

---

**7 Net Outgoing Resources**

	2015	2014
	£000	£000
Net outgoing resources for the year are arrived at after charging/(crediting):		
Auditors' remuneration:		
audit fees	85	104
audit expenses	3	1
Operating lease rentals:		
land and buildings	960	1,154
plant and machinery	343	235
Depreciation: owned assets	1,175	1,343
Depreciation: leasehold assets	336	332
Loss/(profit) on disposal of tangible fixed assets	117	(4)
Amortisation of goodwill (note 9)	496	496
Impairment of purchased goodwill	-	1,085
Staff costs (note 8)	57,750	57,680
Provisions:		
leasehold dilapidations	-	32
reorganisation costs charged	1,352	5,024
other	-	273

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

	2015 £000	2014 £000
<b>8 Staff Costs</b>		
Wages and salaries	44,072	44,373
Social Security costs	3,536	3,780
Pension costs (note 21)	5,717	5,484
	53,325	53,637
Other staff related costs	4,425	4,043
	57,750	57,680

Wages and salaries costs include costs of agency staff.

	2015 Number	2014 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	884	996
Support and administration	454	429
	1,338	1,425

	2015 Number	2014 Number
Higher paid employees fell within the following annual bands:		

£60,001 to £70,000	19	11
£70,001 to £80,000	16	15
£80,001 to £90,000	4	4
£90,001 to £100,000	3	2
£100,001 to £110,000	3	3
£110,001 to £120,000	2	2
£120,001 to £130,000	2	1
£140,001 to £150,000	1	1
£150,001 to £160,000	1	-
£240,001 to £250,000	1	1

Higher paid employee costs exclude severance related costs. Contributions were made to defined benefit pension schemes for 14 (2014: 14) higher paid employees. Contributions amounting to £215,000 (2014 £214,000) were made to defined contribution schemes for 32 (2014: 24) higher paid employees.

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

---

**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.

	Goodwill £000
<b>COST</b>	
1 October 2014	6,397
Additions	78
	6,475
30 September 2015	6,475
 <b>ACCUMULATED AMORTISATION</b>	
1 October 2014	3,766
Amortisation charge for the year	496
	4,262
 <b>NET BOOK VALUE</b>	
30 September 2015	2,213
 <i>30 September 2014</i>	2,631

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

**10 Tangible Fixed Assets**

**Group**

	Freehold Land & Buildings £000	Leasehold Land & Buildings £000	IT Equipment £000	Furniture, Equipment and Vehicles £000	Total £000
<b>COST</b>					
1 October 2014	3,637	15,733	12,667	7,944	39,981
Additions	-	39	468	187	694
Disposals	-	(509)	(11,892)	(4,466)	(16,867)
	<u>3,637</u>	<u>15,263</u>	<u>1,243</u>	<u>3,665</u>	<u>23,808</u>
<b>ACCUMULATED DEPRECIATION</b>					
1 October 2014	1,498	6,805	11,922	5,794	26,019
Charge for the year	91	336	539	545	1,511
On disposals	-	(509)	(11,761)	(4,469)	(16,739)
	<u>1,589</u>	<u>6,632</u>	<u>700</u>	<u>1,870</u>	<u>10,791</u>
<b>NET BOOK VALUE</b>					
30 September 2015	<u>2,048</u>	<u>8,631</u>	<u>543</u>	<u>1,795</u>	<u>13,017</u>
<i>30 September 2014</i>	<u>2,139</u>	<u>8,928</u>	<u>745</u>	<u>2,150</u>	<u>13,962</u>

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

**10 Tangible Fixed Assets (continued)**

**Company**

	Freehold Land & Buildings £000	Leasehold Land & Buildings £000	IT Equipment £000	Furniture, Equipment and Vehicles £000	Total £000
<b>COST</b>					
1 October 2014	3,637	15,733	12,367	7,923	39,660
Additions	-	39	457	186	682
Disposals	-	(509)	(11,671)	(4,459)	(16,639)
	<u>3,637</u>	<u>15,263</u>	<u>1,153</u>	<u>3,650</u>	<u>23,703</u>
<b>ACCUMULATED DEPRECIATION</b>					
1 October 2014	1,498	6,805	11,777	5,781	25,861
Charge for the year	91	336	522	542	1,491
On disposals	-	(509)	(11,671)	(4,459)	(16,639)
	<u>1,589</u>	<u>6,632</u>	<u>628</u>	<u>1,864</u>	<u>10,713</u>
<b>NET BOOK VALUE</b>					
30 September 2015	<u>2,048</u>	<u>8,631</u>	<u>525</u>	<u>1,786</u>	<u>12,990</u>
<i>30 September 2014</i>	<u>2,139</u>	<u>8,928</u>	<u>590</u>	<u>2,142</u>	<u>13,799</u>

**11 Investment in Subsidiary Undertakings**

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

During the year, the trade and net assets of Teachit (UK) Limited were hived up into AQA and the process commenced to liquidate that company.

The aggregate net cost of investment shown in the parent company for the subsidiaries at 30 September 2015 is £5,064,000 (2014 £4,986,000) and is stated after an impairment review of £nil (2014 £564,000).

The aggregate amount of the subsidiaries' assets, liabilities and funds included in these consolidated financial statements are as follows: assets £3,053,000 (2014 £3,196,000), liabilities £3,295,000 (2014 £3,608,000) and funds £(242,000) (2014 (£412,000)).

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

---

**12 Other Fixed Asset Investments**

**Investments**

	Group & Company 2015 £000	Group & Company 2014 £000
Market value at 1 October 2014	54,597	51,542
Additions at cost	14,532	2,539
Disposals at market value (i.e. sales proceeds)	(27,495)	(1,160)
Net movements in cash	699	(1,217)
Net investment gains	375	2,893
	42,708	54,597
Market value at 30 September 2015		
Cost at 30 September 2015	37,940	49,477
	4,768	5,120
Balance on net unrealised gain reserve		
<b>Analysis of net investment gains</b>		
Movement on unrealised (losses)/gains	(352)	2,874
Realised gains based on historic cost of investments disposed of during the year	727	19
	375	2,893
Net investment gains		

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

**12 Other Fixed Asset Investments (continued)**

**Analysis of market value of investments held**

	Group & Company 2015 £000	% of total	<i>Group &amp; Company 2014 £000</i>	<i>% of total</i>
UK Equities and UK Property Unit Trusts				
BlackRock Institutional Jersey Fund Dynamic Diversified Growth Fund	16,355	38.3	16,554	30.3
BLK Global Income Fund	7,240	17.0	7,104	13.0
Trojan Fund (Trojan Investment Funds) - S Accumulations shares	9,962	23.3	24,722	45.3
Other including Veritas	955	2.2	1,053	1.9
UK Fixed Interest – listed				
Other	903	2.1	766	1.4
International fixed interest	885	2.1	300	0.6
International Equities				
Other including Veritas	5,433	12.7	3,821	7.0
Cash held with fund managers	975	2.3	277	0.5
	<u>42,708</u>	<u>100.0</u>	<u>54,597</u>	<u>100.0</u>

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

**13 Debtors**

	Group 2015 £000	Company 2015 £000	<i>Group</i> <i>2014</i> <i>£000</i>	<i>Company</i> <i>2014</i> <i>£000</i>
Trade debtors	2,345	2,063	2,310	2,163
Amounts owed by group undertakings	-	1,864	-	2,267
Other debtors	325	40	418	237
Prepayments and accrued income	9,401	9,401	7,957	7,950
	<u>12,071</u>	<u>13,368</u>	<u>10,685</u>	<u>12,617</u>

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 £30,702,000 (2014 £26,650,000) shown under current assets for the group and company are represented by shares in the BlackRock Institutional Sterling Liquidity Fund and Goldman Sachs Sterling Liquid Reserves Fund.

**15 Creditors: Amounts falling due within one year**

	Group 2015 £000	Company 2015 £000	<i>Group</i> <i>2014</i> <i>£000</i>	<i>Company</i> <i>2014</i> <i>£000</i>
Trade creditors	2,559	2,540	1,429	1,344
Amounts owed to group undertakings	-	1,750	-	1,555
Taxation and social security costs	1,366	1,264	1,342	1,200
Other creditors	896	888	301	300
Accruals and deferred income	9,947	9,005	9,099	8,253
	<u>14,768</u>	<u>15,447</u>	<u>12,171</u>	<u>12,652</u>

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**  
for the year ended 30 September 2015

**16 Provision for Liabilities and Charges**

**Group**

	Reorganisation £000	Leasehold Dilapidations £000	Share of Loss in JV £000	Other £000	Total £000
Balance at 1 October 2014	4,490	1,156	-	273	5,919
Provided in the year	1,352	-	194	-	1,546
Utilised in the year	(4,490)	(193)	-	(273)	(4,956)
<b>Balance at 30 September 2015</b>	<b>1,352</b>	<b>963</b>	<b>194</b>	<b>-</b>	<b>2,509</b>

**Company**

	Reorganisation £000	Leasehold Dilapidations £000	Share of Loss in JV £000	Other £000	Total £000
Balance at 1 October 2014	4,490	1,156	-	943	6,589
Provided in the year	1,352	-	194	-	1,546
Utilised in the year	(4,490)	(193)	-	(943)	(5,626)
<b>Balance at 30 September 2015</b>	<b>1,352</b>	<b>963</b>	<b>194</b>	<b>-</b>	<b>2,509</b>

The provision for leasehold dilapidations relates to estimated contractual future costs of making good leasehold properties when they are vacated. The provision falls due after more than one year. The provision for reorganisation relates to estimated costs of changes to staffing structures. Provisions are not discounted.

The Share of Loss in the Joint Venture relates to AQA's share of the loss in Oxford International AQA Examinations Limited, which is jointly held with Oxford University Press.

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

**17 Total charity funds**

<b>Group</b>	1 October 2014	Net Income/ (expenditure)	Investment and actuarial (losses)/gains	Transfers	30 September 2015
	£000	£000	£000	£000	£000
<b>Designated funds</b>					
Fixed assets	16,593	(1,363)	-	-	15,230
Property maintenance and development	2,000	(1,100)	-	4,100	5,000
Product development	7,000	(4,019)	-	12,019	15,000
Exam entry profile changes	9,000	(1,429)	-	(4,571)	3,000
Improvement projects	8,000	(7,347)	-	(653)	-
Cash flow cycle	13,650	-	-	(5,650)	8,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total designated funds</b>	56,243	(15,258)	-	5,245	46,230
					13,871
General unrestricted funds	32,652	11,031	-	(29,812)	
General contingency	-	-	-	21,000	21,000
Investment revaluation reserve	5,121	-	(352)	-	4,769
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Unrestricted funds before pension liability</b>	94,016	(4,227)	(352)	(3,567)	85,870
Net pension liability	(20,645)	-	2,110	3,567	(14,968)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total charity funds</b>	73,371	(4,227)	1,758	-	70,902
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

**17 Total charity funds (continued)**

Company	1 October 2014	Net Income/ (expenditure)	Investment and actuarial (losses)/gains	Transfers	30 September 2015
	£000	£000	£000	£000	£000
<b>Designated funds</b>					
Fixed assets	18,782	(728)	-	-	18,054
Property maintenance and development	2,000	(1,100)	-	4,100	5,000
Product development	7,000	(4,019)	-	12,019	15,000
Exam entry profile changes	9,000	(1,429)	-	(4,571)	3,000
Improvement projects	8,000	(7,347)	-	(653)	-
Cash flow cycle	13,650	-	-	(5,650)	8,000
<b>Total designated funds</b>	<b>58,432</b>	<b>(14,623)</b>	<b>-</b>	<b>5,245</b>	<b>49,054</b>
General unrestricted funds	32,360	11,300	-	(29,812)	13,848
General contingency	-	-	-	21,000	21,000
Investment revaluation reserve	5,121	-	(352)	-	4,769
<b>Unrestricted funds before pension liability</b>	<b>95,913</b>	<b>(3,323)</b>	<b>(352)</b>	<b>(3,567)</b>	<b>88,671</b>
Net pension liability	(20,645)	-	2,110	3,567	(14,968)
<b>Total charity funds</b>	<b>75,268</b>	<b>(3,323)</b>	<b>1,758</b>	<b>-</b>	<b>73,703</b>

The directors have designated a number of funds which are a sub-set of the unrestricted funds set up at the directors' 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.

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

**17 Total charity funds (continued)**

**General unrestricted funds and general contingency:** These funds, which represent AQA's working reserve, ensure that we are able to continue with our obligations in the event of a shortfall in income or a sudden upturn in our expenditure.

**18 Reconciliation of Movements in Funds**

	Group 2015 £000	Company 2015 £000	Group 2014 £000	Company 2014 £000
Opening funds at 1 October	73,371	75,268	90,468	91,822
Net movement in fund balances in the financial year	(2,469)	(1,565)	(17,097)	(16,554)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing funds at 30 September	70,902	73,703	73,371	75,268
	<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 2015 £000	Company 2015 £000	Group 2014 £000	Company 2014 £000
Leases which expire:				
within 1 year	79	57	96	96
within 2 to 5 years	488	401	573	500
after 5 years	346	346	346	346
	<hr/>	<hr/>	<hr/>	<hr/>
	913	804	1,015	942
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Other**

	Group 2015 £000	Company 2015 £000	Group 2014 £000	Company 2014 £000
Leases which expire:				
within 1 year	182	182	275	275
within 2 to 5 years	163	163	56	56
	<hr/>	<hr/>	<hr/>	<hr/>
	345	345	331	331
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

---

**20 Capital Commitments**

There were £nil capital commitments contracted for at 30 September 2015 but not provided for (2014 £nil).

**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:

	2015 £000	2014 £000
Total AQA pension costs	5,717	5,484
	<u>          </u>	<u>          </u>

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

	2015 £000	2014 £000
The AQA Pension Scheme	3,608	-
	<u>          </u>	<u>          </u>

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

	2015 £000	2014 £000
The AQA Pension Scheme	-	1,200
GMPF	14,441	15,245
Unfunded pension liabilities	4,135	4,200
	<u>          </u>	<u>          </u>
	18,576	20,645
	<u>          </u>	<u>          </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 July 2006 and to future accruals from January 2011.

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

---

**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 decrease in the total defined benefit pension schemes liability are primarily an increase in the discount rate assumption for FRS17 purposes, an increase in the expected return on assets and a decrease 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:

	2015 % per annum	2014 % per annum
Price increases	2.30 – 3.30	2.70 – 3.50
Pension increases - in payment	2.05 – 3.15	2.60 – 3.30
Pension increases - deferred	2.30	2.50 – 2.70
Salary increases	2.30	3.50 – 3.80
Discount rate	3.90	4.00
Expected return on assets		
Equities	N/A	6.20 – 6.50
Property	N/A	4.30 – 4.85
Bonds	N/A	3.40
Cash	N/A	2.90 – 3.10

The figures presented in these disclosures are based on the mortality assumptions adopted for the latest funding valuation with additional margins for prudence removed. For the AQA scheme the tables used are 100% of S1PMA (95% S1PFA) tables for males (females); future improvements are in line with the CMI 2011 projections subject to a long term trend rate of 1.5%. For the GMPF liabilities the tables used are Club Vita curves updated to 2011 using the Club Vita methodology; future improvements are in line with CMI 2010 projections subject to a long term trend rate of 1.25%. For the unfunded arrangements the same tables as the AQA liabilities are used but these are adjusted to reflect the assumed higher life expectancy of these members, specifically 70% of S1PMA (65% S1PFA) tables for males (females); future improvements are in line with the CMI 2011 projections subject to a long term trend rate of 1.5%. Example life expectancies are 21.4 – 26.1 years (24.0 – 28.9 years) from age 65 for a male (female) currently aged 65 and 24.0 – 28.4 years (26.6 – 31.2 years) from age 65 for a male (female) currently aged 45.

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

**21 Retirement Benefits (continued)**

**Balance Sheet Disclosures**

The amounts recognised in the balance sheet are as follows:

	Net Pension Asset		Net Pension Liabilities		Total	
	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000
Fair value of scheme assets	133,010	-	60,587	186,770	193,597	186,770
Present value of funded liabilities	(129,402)	-	(79,163)	(207,415)	(208,565)	(207,415)
Net pension asset/(liability)	3,608	-	(18,576)	(20,645)	(14,968)	(20,645)

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

	2015 %	2014 %
Equities	51.1	60.3
Property	8.0	10.1
Bonds	30.4	27.6
Hedge Funds	4.0	-
Cash and other	6.5	2.0
Total	100.0	100.0

**SOFA Disclosures**

**Amounts recognised in the SOFA before Net Outgoing Resources**

	2015 £000	2014 £000
Current service cost	1,991	2,348
Interest on obligation	8,250	8,432
Expected return on scheme assets	(9,808)	(9,549)
Past service cost	1,677	332
Losses on curtailments and settlements	-	363
Total	2,110	1,926
Actual return on scheme assets	7,205	13,944

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

---

**21 Retirement Benefits (continued)**

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

	2015 £000	2014 £000
Opening defined benefit obligation	207,415	186,793
Current service cost	1,991	2,348
Past service costs	1,677	332
Interest cost	8,250	8,432
Contributions by members	530	636
Actuarial (gains)/losses	(4,713)	11,862
Losses on curtailments	-	363
Experience losses	-	2,467
Benefits paid	(6,585)	(5,818)
	208,565	207,415
Closing defined benefit obligation	208,565	207,415

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

	2015 £000	2014 £000
Opening fair value of scheme assets	186,770	172,702
Expected return on assets	9,808	9,549
Contributions by members	530	636
Contributions by employer	5,677	5,306
Actuarial (losses)/gains	(2,603)	4,395
Benefits paid	(6,585)	(5,818)
	193,597	186,770
Closing fair value of scheme assets	193,597	186,770

AQA Education  
**Notes to the Financial Statements**  
for the year ended 30 September 2015

---

**21 Retirement Benefits (continued)**

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

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Fair value of scheme assets	193,597	186,770	172,702	153,368	136,096
Present value of defined benefit obligation	(208,565)	(207,415)	(186,793)	(179,062)	(155,230)
	<u>          </u>				
Net pension liability	(14,968)	(20,645)	(14,091)	(25,694)	(19,134)
	<u>          </u>				
Experience (losses)/gains on assets	(2,603)	4,395	11,390	9,278	(9,605)
Experience (losses)/gains on liabilities	-	(2,467)	4,978	(188)	1,300

**Other Defined Benefit Pension Schemes**

**Multi-employer Defined Benefit Schemes**

AQA participated in two (2014 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 £2,608,000 (2014: £2,896,000). The amount charged includes contributions to the AQA defined contribution scheme. No contributions were payable to the schemes at the year end (2014: £nil).