



Qualifications and  
Curriculum Authority

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## **Annual Report and Accounts 2009–10**



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## Annual Report and Accounts 2009–10

Financial statements of the Qualifications and Curriculum Authority and the Group for the year ended 31 March 2010, together with the Certificate and Report of the Comptroller and Auditor General thereon.

*Presented to Parliament pursuant to Education Act 1997, chapter 44, schedule 4, paragraph 18(3)*

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## Management commentary

### Background

The Qualifications and Curriculum Authority (QCA) was established on 1 October 1997 as a statutory body under Section 21 of the Education Act 1997.

The Department for Education was established on 11 May 2010, but prior to that date the department was the Department for Children, Schools and Families, referred to throughout this report as "the Department".

In September 2007 the Secretary of State for Children, Schools and Families announced that the QCA regulatory functions would become statutorily independent (as Ofqual), and that the remaining functions of the QCA would be established as the Qualifications and Curriculum Development Agency (QCDA). Through 2009-10 QCDA and Ofqual worked with colleagues at the Department to define the relationship between the two organisations and contribute appropriately to the legislative process. The Apprenticeships Skills, Children and Learning Act 2009 received Royal Assent on 12<sup>th</sup> November 2009 and both QCDA and Ofqual were vested on 1<sup>st</sup> April 2010. This is the final Annual Report and Accounts for QCA.

The remit of QCA until 31 March 2010 is detailed in sections 22–26 of the Education Act 1997 and is summarised below.

The role of QCA was to advance education and training in England, particularly with a view to promoting quality and coherence.

QCA's functions in relation to the curriculum and school examinations and assessment were to:

- keep all aspects under review and advise the Secretary of State for Children, Schools and Families;
- advise the Secretary of State on research and development;
- publish information;
- audit the quality of assessments;
- accredit schemes for the baseline assessment of five-year-old children;
- advise the Secretary of State on the approval of qualifications for use in schools.

QCA's specific functions in relation to external qualifications were to:

- keep all aspects under review and advise the Secretaries of State for Children, Schools and Families and Business, Innovation and Skills
- advise the Secretaries of State on research and development;
- publish information and provide support and advice to those providing courses leading to such qualifications;
- develop and publish criteria for the accreditation of qualifications;
- accredit qualifications and advise the Secretaries of State on their approval.

During 2009-10 QCA comprised of six operating groups and a wholly owned subsidiary company, QCA (Enterprises) Limited, the main function of which was to generate income from sales of QCA publications and products. The results for the QCA Group have been consolidated in accordance with International Accounting Standard 27.

QCA was financed by Grant-in-Aid from the Department for Children, Schools and Families (DCSF) and grant income from the Department for Employment and Learning (DEL) in Northern Ireland, and received further income from the Department for Children, Education, Lifelong Learning and Skills (DCELLS) in Wales. All the profits of QCA (Enterprises) Limited for 2009-10 have been retained in reserves. QCA was until 31 March 2010 a charity by exemption and the accounts have been prepared in accordance with the accounts direction issued by the Secretary of State for Children, Schools and Families. The accounts have therefore been prepared in accordance with the Government Financial Reporting Manual (FRM) rather than the Charities SORP.

### Results for the QCA Group

Net expenditure for the year amounted to £185.8 million before taxation. Grant-in-Aid received in the year

amounted to £179.9 million. The excess net expenditure over Grant-in-Aid received arises from timing of provisions in the financial year, see note 17 to the accounts on page 49 for which Grant-in-Aid will be received in later years.

The profit for the year on ordinary activities before taxation for QCA (Enterprises) Limited amounted to £2.2 million.

The Statement of Financial Position at 31 March 2010 shows net liabilities of £54.2 million. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the QCA's other sources of income, may only be met by future grants or grants-in-aid to QCDA from the sponsoring Department,. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

Grant-in-Aid for 2010-11, taking into account the amounts required to meet the QCDA's liabilities falling due in that year, has already been included in the Department's estimates for that year. On 27 May 2010 Rt. Hon Michael Gove MP, the Secretary of State from the Department for Education, wrote to Christopher Trinick DL, Chair of QCDA, confirming that the Government propose to introduce legislation in the autumn of 2010 to abolish the QCDA. (See Note 28 Events after the Reporting Period on page 54). QCDA remit and funding remain in place to cover both continuing activities and to manage transition plans relating to non-continuing and proposed non-continuing statutory activities, and legislation proposing abolition will be placed before Parliament in the autumn. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

## QCA Board

Members of QCA's Board were appointed by the Secretary of State for Children, Schools and Families. The period of office for each member is set out in the table below.

The membership of QCA's Board was kept under review by the Nominations Committee; one of its principal functions was to plan for the succession of the membership of QCA's Board.

QCA Board	Period of office at QCA	Committee member
<u>Chairman</u> Mr Christopher Trinick	1 November 2008 to 31 October 2011	Nominations (Chair) (from November 2008) Remuneration (from November 2008)
<u>Deputy Chairman</u> (from December 2008) Mr Mike Beasley	1 October 2003 to 31 March 2011	Remuneration (Chair) (from November 2008) Risk (Chair) (from July 2009) Nominations
Professor Michael Arthur	1 December 2007 to 30 November 2010	Remuneration
Ms Rose Collinson	1 February 2009 to 31 January 2012	
Mr Scott Dobbie	1 February 2009 to 31 January 2012	Audit (from March 2009) Risk (from July 2009)
Ms Maggie Galliers	1 December 2007 to 31 March 2010	Ofqual
Ms Cynthia Hall	1 June 2007 to 2 June 2009	
Ms Susan Kirkham	1 October 2003 to 30 September 2009	
Mr David Sherlock	1 October 2006 to 30 September 2009	Audit
Mr Maurice Smith	1 February 2009 to 31 January 2012	Audit (from May 2009)
Mr Nick Stuart	5 December 2002 to 30 September 2010	Audit (Chair) Nominations Remuneration (from November 2008)
Ms Kathleen Tattersall	2 April 2008 to 31 March 2010	Ofqual (Chair)
Sir David Watson	1 October 2003 to 30 September 2009	Remuneration Risk (from July 2009)
Elizabeth Reid	19 October 2009 to 31 October 2012	
John Fairhurst	19 October 2009 to 31 October 2012	
Roy Clare	19 October 2009 to 31 October 2012	

Each member completed a register of interests, which is available for inspection at QCDA offices at Earlsdon Park, Butts Road, Coventry by prior arrangement during normal business hours.

The role of QCA Board members was threefold: to formulate policy advice for the Secretaries of State for Children, Schools and Families and Business, Innovation and Skills; to provide policy direction to guide the work of staff; and to oversee the administration and work of QCA.

The QCA Board had five committees. The Audit Committee dealt with the development and implementation of policies for auditing, financial and management controls and monitors the effectiveness of all levels of management in the use of QCA's resources. The Risk Committee provided challenge and review to the evaluation and identification of risk, and the controls put in place to mitigate it. The Nominations Committee reviewed nominations for appointment to the QCA Board. The Remuneration Committee dealt with pay of the Executive and Directors, along with maintaining oversight of pay and conditions for the next tier of staff. The Ofqual Committee acted as the Board of the interim independent regulator (Ofqual); its role was to carry out the functions specified in the Direction under paragraphs 13 and 14 of Schedule 4 to the Education Act 1997.

The role of the QCDA Board will continue as described above. The QCDA Board has four committees: the Audit Committee; the Risk Committee; the Nominations Committee; and the Remuneration Committee.

### **Board membership**

During 2009-10, the Secretary of State for Children, Schools and Families formally confirmed the appointment of Roy Clare, John Fairhurst and Elizabeth Reid as new members of the QCA Board.

### **Headquarters and staff**

Until February 2010 QCA was located at 83 Piccadilly, London, W1J 8QA. QCA's new building at Earlsdon Park in Coventry was completed towards the end of 2009. The bulk of staff moves were completed in February 2010 and the organisation's headquarters moved to 53-55 Butts Road, Earlsdon Park, Coventry, CV1 3BH. A proportion of staff remained in an interim building at Spring Place, Coventry Business Park, Herald Avenue, Coventry, CV5 6UB until 1 April 2010. It employed an average of 834 (2008-09: 723) staff during the period covered by this report. Staff involved in delivering tests will be based in 83 Piccadilly until September 2010 when they will relocate to Coventry.

### **Payment of creditors**

QCA was, and QCDA remains, fully committed to the prompt payment of its bills and observes the CBI's 'Better Payment Practice Code'. QCA aimed and QCDA aims to pay bills in accordance with agreed contractual conditions or, where no such conditions exist, within 30 days of receipt of goods and services or the presentation of a valid invoice, whichever is the later. In the year April 2009 to March 2010, 97.3% (2008-09: 99%) of valid invoices were paid within 30 days of the date of the invoice. Trade payables owed as at 31 March equates to 30 days invoicing on a count back basis, although due to the volume of invoicing during March, on a calculated annual invoicing basis, as set out in SI 2008/410, would equate to 55 days.

### **Working cash balance**

The group working balance, being the cash balance that the Department allows to be carried forward to the following financial year, is calculated in accordance with the Financial Memorandum as 2% of total Grant-in-Aid received from the Department during the year. At 31 March 2010 this amounted to £3.6 million. The group balance as defined by these guidelines amounted to £2.0 million. Under the terms of the Financial Memorandum with the Department, it is entitled to recover any excess working balance above 2% from Grant-in-Aid for 2010-11.

### **Auditors**

Under paragraph 18(3) to schedule 4 of the Education Act 1997, the Comptroller and Auditor General is required to examine, certify and report on the financial statements of account. The cost of the statutory audit for the year to 31 March 2010 is £44,000 (2008-09: £42,250). In addition, the audit of the 2008-09 shadow accounts for the implementation of IFRS based reporting was £4,000. The financial statements for QCA (Enterprises) Limited for

the year ended 31 March 2010 were audited by KPMG LLP. The fee for this audit is £15,500. (2008-09: £15,700). Taxation services provided by KPMG to QCA (Enterprises) Limited amounted to £1,763.

So far as the Accounting Officer is aware, there is no relevant audit information of which QCA's auditors are unaware. The Accounting Officer has taken all the steps that ought to have been taken to ensure awareness of any relevant audit information and to establish that QCA's auditors are aware of that information.

### **Statement of QCA's and Chief Executive's responsibilities**

Under paragraph 18(1) and (2) of schedule 4 of the Education Act 1997, QCA was required to prepare a statement of account for each financial year in the form and on the basis determined by the Secretary of State for Children, Schools and Families with the consent of the Treasury. QCA accounts have been prepared on an accruals basis and show a true and fair view of QCA's state of affairs at the end of the period and of its income and expenditure and cash flows for the financial period.

In preparing the accounts QCA was required to:

- observe the accounts direction issued by the Secretary of State for Children, Schools and Families, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the organisation will continue in operation.

The Chief Executive of the QCA, Andrew Hall, was Accounting Officer to 31 March 2010. Following the announcement of his resignation, the Chief Operating Officer of the QCDA, Lin Hinnigan, was appointed as Accounting Officer of the QCDA with effect from 1 April 2010. The relevant responsibilities, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum issued by the Treasury and published in *Managing Public Money*. The Accounting Officer is required to sign the statement of accounts, including a statement on internal control.

### **Staff relations**

To ensure that strategic and operational decisions are understood throughout the organisation, QCA was, and QCDA remains, committed to communicating information as widely as possible and using a wide range of means to encourage effective two-way communication with staff.

We actively engaged with the recognised trade union through regular consultation and negotiation between management and union representatives, in order to ensure the best possible staff relations. Issues covered included pay and grading, corporate initiatives and HR policies.

We believe that learning and development play a fundamental role in the success of both the individual and the organisation, and we made a significant investment in these activities. This year, expenditure amounted to £748,062, or 2.3% of total expenditure on wages and salaries (2008-09: £586,139, 2.1%).

QCA had, and QCDA will continue to have, a dedicated Diversity & Inclusion Programme Manager and team of staff. In its published single equalities scheme, QCA had an action plan for race, gender and disability equality. Progress against this was monitored and reported during the year in line with QCA's diversity strategy. This forms part of a broader diversity and inclusion framework for the organisation that will continue within QCDA.

Disabled people were encouraged to apply for jobs at QCA, and will continue to be encouraged to do so at QCDA. They are also offered developmental opportunities combined with practical support. We also ensured that



any individuals who may have become disabled during their employment were given the fullest support to maintain an appropriate role according to their experience and skills.

Health and safety training was provided to all employees. Following a review of health and safety policy and communications, a comprehensive package of revised and updated training was rolled out to all staff in the spring of 2008.

### **Sickness absence**

During 2009-10 the total number of working days lost due to sickness absence amounted to 1,849 days, (2008-09:1,847 days) which is an average of 3.84 days per employee (2008-09: 3.23 days).

### **Performance assessment**

A performance management and assessment system was disseminated to staff and embedded within QCA. This linked performance objectives to personal development, as part of a general strategy to ensure that managers were fully involved in the development of their staff.

### **Pay policy**

QCA's performance management system determined pay increases on an annual basis. There was no entitlement to automatic salary increases or performance bonuses; in any year that QCA determined to award a salary increase and/or performance bonus to an individual member of staff, it was made on the basis of an assessment of that individual's overall performance and conduct during the year. The parameters of the pay award were agreed centrally, and the award was then applied across the organisation according to each individual's performance.

QCA was, and QCDA will remain, committed to the principle of equal pay. We conducted Equal Pay Audits in 2007 and 2009.

Details of the company pension scheme and pension liabilities are disclosed in the Remuneration report on page 21 and note 3 to the accounts on page 39.

### **Our stakeholders**

QCA had a central role in England's education and training systems, and a role in Northern Ireland where we regulated National Vocational Qualifications (NVQs). We worked with our stakeholders with the primary aim of ensuring benefits to the learner.

The principal external organisations with which we collaborated were:

- Department for Children, Schools and Families (DCSF)
- Department for Business, Innovation and Skills (BIS),
- Department for Employment and Learning (DEL) in Northern Ireland
- Department for Children, Education, Lifelong Learning and Skills (DCELLS) in Wales
- awarding bodies
- major suppliers
- employers and industry:
  - Sector Skills Councils
  - employers
- partner bodies:
  - UK Commission for Employment and Skills (UKCES)
  - Training and Development Agency (TDA) for Schools
- teacher associations
- local education authorities (LEAs)
- schools and colleges.

### **Events after the financial year end**

As reported on page 3 the Apprenticeships Skills, Children and Learning Act 2009 received Royal Assent on 12 November 2009 and both QCDA and Ofqual were vested on 1 April 2010. The closing assets and liabilities as reflected within the Statement of Financial Position of QCA as at 31 March 2010 will be split between the two organisations and will transfer to QCDA and Ofqual at 1 April 2010, based on the Transfer Order signed on 31 March 2010. The 2009-10 Net Expenditure account will also be separated and will be reported as comparative figures for QCDA and Ofqual in their respective 2010-11 Annual Reports and Accounts.

As noted on page 4, the Secretary of State for Education has confirmed the proposal to introduce legislation in the autumn to abolish the QCDA. This event after the end of the financial year is detailed in note 28 to the accounts on page 54.

### **Freedom of Information**

QCA has been compliant with the Freedom of Information Act 2000. During the year 2009-10 we responded to 102 separate requests for information under the terms of the Act (2008-09: 112).

### **Environmental, social and community**

During the year, QCA continued to implement its sustainability action plan, and an update is available on the QCDA website. Work began to develop the 2010-2012 Sustainable Development Action Plan, and a Sustainable Development Strategy Group was set up to drive the sustainable development agenda within the organisation.

QCA has over several years encouraged employees to volunteer to become governors of their local schools, and QCDA continues to encourage employees to take opportunities to visit schools and colleges with members of our Centre Support Team, which is spread across England.

### **Organisational objectives 2009–10**

QCA's organisational objectives are set out in the six key result areas (KRAs) for the year:

- KRA 1: To provide a modern, world-class curriculum that will inspire and challenge all learners and prepare them for the future; and to support the curriculum with methods of evaluation and assessment which promote learning and report achievement in learning at individual, institutional and national level.
- KRA 2: Establish an integrated system of qualifications that will meet the needs of learners, employers and higher education and contribute to a successful society and economy, by better harnessing the stock of human talent.
- KRA 3: Enable and safely deliver innovative assessments in schools and colleges, improving the learner experience and minimising administrative burden.
- KRA 4: Regulate awarding bodies, qualifications, examinations and National Curriculum assessments effectively to ensure that the qualifications market is fit for purpose, that qualifications are fair, that standards are secure, that public confidence is sustained and that QCA acts as the public champion of the learner.
- KRA 5: Develop the QCA brand: expand public understanding of the work of QCA, and maintain and promote our reputation among the various stakeholders (principally learners, parents, the education community, industry and employers, and Government).
- KRA 6: Develop systems and internal processes that enable exemplary performance through the work, expertise and commitment of QCA's people.

## Performance management

All of QCA's work fell within these six KRAs, and the work was managed as programmes, for which milestones and Success Measures were set at the beginning of the year (Success Measures are agreed with the Department and the Department for Business, Innovation and Skills). The overall success of each work programme was based on reaching the milestones and fulfilling the Success Measures. Progress is monitored and reported throughout the year, providing a transparent means of managing performance.

## Performance indicators

The following performance indicators were set by the Department at the start of the 2009-10 financial year:

### **Delivery Outcomes**

#### **1. Early Years Foundation Stage**

- 1.1** 2009 Early Years Foundation Stage Profile (EYFSP) results are robust and reliable as a consequence of improved moderation by September 2008.
- 1.2** All applications for exemption from the EYFS learning and development requirements are handled within agreed timescales and in accordance with the process outlined in the Memorandum of Understanding between the Department and QCA.
- 1.3** QCA to provide the Department, by September 2009, with a high quality evidence based initial report on the way in which EYFS is being delivered on the ground as part of its function to monitor the EYFS, and to inform the Department's policy.

#### **2. National Curriculum**

- 2.1** Carry out formal statutory Primary Curriculum consultation on behalf of the Department from 30 April 2009 and present recommendations to Ministers by end September 2009; Primary Curriculum success indicators, website, design guide and curriculum handbooks agreed with the Department and completed by January 2010.
- 2.2** Provide advice on rationalising websites and mainstreaming Secondary Curriculum support in other Secondary Curriculum partnership organisations post March 2010, and proposals to evaluate the impact of the new curriculum, with a suite of success measures which include narrowing gaps and reducing underachievement, by end of June 2009.
- 2.3** By March 2010 publish guidance, development tools and examples to support schools and colleges in designing and developing their curriculum so that technology is used effectively to enhance and extend, where and how learning takes place.
- 2.4** Provide advice on technology enabled assessment by end of December 2009.
- 2.5** Provide advice on the implications of a more stretching Primary Curriculum, securing the KS4 ICT curriculum entitlement for all pupils with relevant and engaging pathways and qualifications development by end of December 2009.
- 2.6** Undertake formal consultation on behalf of the Department on the Personal, social and health education (PSHE) secondary programme of study and related recommendations to be carried out from 30 April 2009 and recommendations to Ministers by the end of September 2009.
- 2.7** Develop a process for dealing with disapplication from the National Curriculum agreed by December 2009 and systems in place by end of March 2010.
- 2.8** KS2 schemes of work for French, German and Spanish published and distributed to schools by end of June 2009.
- 2.9** GCSE Language speaking component exemplification materials published on QCA website by March 2010.
- 2.10** Shakespeare tasks successfully developed, trialled (including trialling of moderation models and production of assessment materials such as mark schemes and guidance) and completed by June 2009.

#### **3. National Curriculum Assessment**

- 3.1** KS2 National Curriculum Tests are delivered successfully in May 2009, with 99.9% results available to schools by the agreed date, a reduction in number of lost scripts and missing results, and an improved service to schools. Quality of marking (as set out by Ofqual in their statement about quality of marking in 2009) is at least as good as previous years. Teacher assessment data is collected by 10 July 2009.
- 3.2** KS3 National Curriculum optional test papers provided to schools which request them before the deadline. Teacher assessment data is collected by 10 July 2009.

- 3.3 Secure timely preparation and procurement of National Curriculum test contracts for 2010 delivery. For 2010, this will include advice from QCA on revised test dates at the beginning of June, advice on cost implications for making KS3 optional tests freely available to schools, and the implementation of KS2 Science sample tests.
- 3.4 Single Level Tests are developed and successfully delivered in June 2009 and December 2009 with tests reflecting evaluation and findings from earlier pilot rounds, secure marking standards, and high levels of school satisfaction with both process and content. Additional tests to be developed for June 2010. Measures to be put in place to allow Maths SLTs to replace Key Stage 2 Mathematics National Curriculum test for pilot schools, including development and delivery of a reviews service, in order to support decisions about SLTs' continued use.
- 3.5 Onscreen marking is successfully deployed within the Single Level Tests programme in June and December 2009, with positive evaluation outcomes including better monitoring of marker performance, and reduction in time to mark tests compared to paper-based solutions.
- 3.6 Develop a suite of materials to support parents and pupils in their understanding of assessment outcomes, to enhance pupils' progress for pupils by September 2009; and for parents by September 2010. This will include a single set of easy-speak levels for both pupils and parents comprising up to 3 light-touch bullets, on each subject (reading, writing, speaking & listening and maths) at each level.
- 3.7 Under contract to National Strategies (NS), to develop: (i) Assessing People's Progress materials in primary science and in speaking and listening for KS1-3; (ii) exemplification standards for KS3 in the core subjects to produce new standards files in the new curricular content.
- 3.8 Develop advice and guidance on using Assessing Pupils' Progress in P Level assessment for March 2010.
- 3.9 Develop advice and guidance on the use of Assessing Pupils' Progress with pupils (to be completed summer 2010).

#### **4. 14-19 Reforms: GCSEs and A-levels**

- 4.1 GCSE reform - QCA works with awarding bodies to ensure that new English, Mathematics and ICT GCSEs meet Ofqual's requirements/criteria for accreditation by November 2009; and criteria for GCSE Science are developed by November 2009.
- 4.2 To work collaboratively with key stakeholders to develop and promote a linked pair of mathematics GCSEs consistent with the Ministerial remit, meeting agreed milestones and Ofqual's requirements/criteria for accreditation by November 2009.
- 4.3 A Level reform - all agreed milestones for A Level Mathematics and the withdrawal of applied A Levels are met; and high quality guidance on A2 assessment for centres is published by June 2009.
- 4.4 Extended Project - QCA develop high quality support materials for the delivery of the Extended Project by December 2009, support Learning and Skills Improvement Service/Specialist Schools and Academies Trust in their work from May 2009 to March 2010 in providing support for centres on the introduction of the Extended Project, and provide advice as requested to the Department on the feasibility of the Extended Project being offered as an entitlement in centres.

#### **5. Delivery of qualifications**

- 5.1 Exams Officers in all Phase 2 Diploma consortia are able to access support and help them get ready to administer the new Diplomas. 75% of active consortium centres to have received training and/or support by September 2009, 90% by December 2009.
- 5.2 Assessors in all Phase 2 Diploma consortia are able to access QCA's proposals for ensuring high standards on controlled internal assessment and receive support needed, including guidance and bespoke support. 80% of active consortium centres to have received training and/or support by September 2009, 90% by December 2009.
- 5.3 QCA to ensure centres are able to access full support for the administration and delivery of all GQs, including Diplomas and Functional Skills and meet all agreed milestones. To also achieve a target satisfaction rate for support provision of 75% for exam officers.
- 5.4 GQ Logistics Contract - To meet deadlines of April 2009 (contract award) and October 2009 (commencement of contract) met, with smooth transition/handover completed for the November 2009 exam series and beyond if new contractor appointed, with performance not falling below the contractually agreed targets.
- 5.5 Reducing Administrative Burden - To continue to identify opportunities to reduce the burden on schools and colleges arising from the administration of exams and tests. To develop initiatives, collaborating with awarding bodies where appropriate, that make administrative tasks easier and improve efficiency through their use. To propose new initiatives such as modified papers administration, through the

established remit process where required. Success measure: 75% uptake of the initiatives deployed, and 75% of surveyed users reporting time savings and/or workload reduction.

- 5.6 To ensure that in maintaining and developing all matters relating to measuring, scoring and discounting qualifications in the Achievement and Attainment Tables, all relevant annual deadlines (as agreed with the Department) are met to the appropriate quality standards. Staff with relevant experience must be in post by June 2009.
- 5.7 Chartered Institute of Educational Assessors - To assure the quality of assessment in every school through the Chartered Institute of Educational Assessors by providing access to individual chartered status for all secondary schools from April 2009, accredited training including support for the internal assessment requirements of the diploma to all gateway 1 consortia from April 2009 and gateway 2 consortia from September 2009, qualifications at master's level in at least four participating UK universities from September 2009, and online CPD tools from October 2009, so that every teacher can make professional assessment judgements about the achievements of their learners.

## 6. 14-19 Reforms: Diplomas

- 6.1 Ongoing Qualification Development for Phase 1, 2 and 3 Diplomas - A minimum of one Diploma Principal Learning Qualification (at each level) in each line of learning for Phase 3 meets Ofqual's requirements/criteria for accreditation by September 2009. Draft specifications of accredited qualifications are available to schools and colleges within 3 months of accreditation by Ofqual.
- 6.2 Ongoing Qualification Development for Phase 1, 2 and 3 Diplomas – Additional and Specialist Learning catalogue developed and based on clear set of principles that support learner progression for each line of learning.
- 6.3 Ongoing Development of Phase 4 - Line of learning statements complete and published April 2009. Draft criteria published April 2009. Final line of learning criteria agreed with Ofqual, published on QCA website, and sent to awarding bodies by end of July 2009.
- 6.4 Ongoing Development of Phase 4 - Materials to support Phase 4 Diplomas are developed with partners and are user tested to an appropriate standard, so that they are available from September 2010.
- 6.5 Ongoing Development of Phase 4 - Ongoing qualification development work with Diploma Development Partnerships (DDPs) and awarding bodies to ensure Phase 4 qualifications satisfy QCA requirements by March 2010.
- 6.6 Extended Diploma - Agreement on existing and new qualifications required to populate extended diploma by July 2009. Extended diploma content and policy communicated to DDPs, Higher Education, employers and practitioners by March 2010.
- 6.7 Diploma Curriculum Support - High quality guidance that meets consortia needs - with timescales agreed with the Department. An online qualification feedback support system will be fully functional, provide a high quality service and enables development and communication of robust and evidence-based policy.
- 6.8 Diploma Curriculum Support - Provide support to the Department in developing robust, evidence-based ongoing Diploma policy, working to secure progression opportunities and increase learner engagement.
- 6.9 Diploma Policy - is secured within workforce partners materials as a direct result of QCA quality assurance engagement (subject to business case approval).
- 6.10 Diploma Awarding Task Force - Work with Department and other partners to secure awarding of diplomas in summer 2009, taking specific responsibility for key work packages on learner tracking, centre support, end to end testing and Qualifications Management Information System (QMIS) data quality in addition to ensuring Diploma Aggregation Service (DAS) meets agreed operational service standards; and to prepare for awarding in summer 2010.
- 6.11 Transfer of DAS to industry ownership - To define by September 2009 the conditions that need to be met to transfer DAS to industry ownership and, if requested by the Department, to share those conditions with awarding bodies.

## 7. JACQA and the 2009 Biennial Review

- 7.1 Streamlining 14-19 Qualifications Offer - Early dialogue to be undertaken with Awarding Organisations on their longer-term plans to streamline their 14-19 qualifications offer. Report in December 2009.
- 7.2 Scrutiny of Qualifications - JACQA provides effective scrutiny of qualifications against the Section 96 criteria and robust, well evidenced and timely advice is provided to the Department's Secretary of State on their eligibility for public funding.
- 7.3 Low take-up of qualifications - As part of its termly advice, JACQA focuses on qualifications that have low take-up to support the Department aim to reduce the number of such qualifications by March 2010.

- 7.4** Scope of first Biennial Review - Scope of the first Biennial Review is agreed with the Department. The Review is completed by JACQA and a report and recommendations are made to the Department by November 2009.

## **8. Functional Skills**

- 8.1** FS Pilots - Working with partners and stakeholders as necessary, QCA effectively manage the functional skills pilot to ensure that (a) outcomes for pilot learners are as consistent and reliable as possible; (b) workforce partners are supported so that they can sufficiently support and guide effective FS delivery in centres; and (c) evidence gathered from the pilot is comprehensive and robust and provides a basis for the Department and BIS to make decisions on implementation of FS in all learning routes to agreed timescales.
- 8.2** QCA work effectively with partners and stakeholders (including Ofqual, Sector Skills Councils (SSCs), awarding organisations, employers, Higher Education, disability groups and subject associations) to ensure that : (a) final FS criteria, reflecting the outcomes of consultation, are submitted to Ofqual by 1 November 2009 and subsequently accepted; and (b) functional skills assessments produced are fit for purpose (including of comparable standard) and QCA support awarding bodies to ensure that a range of full qualifications in English, Mathematics and ICT from entry level to level 2 are submitted to Ofqual for accreditation by 1 March 2010.
- 8.3** QCA work effectively with partners to support progress towards national roll-out of Functional Skills qualifications from September 2010 - in particular, by meeting agreed milestones to share information with workforce partners, to support the effective delivery of the workforce support package.
- 8.4** QCA participate actively in the development and implementation of a Department-led communication strategy for Functional Skills, taking the lead on actions relevant to its role and remit, so as to aim for stakeholders that develop and maintain a positive and well-informed view of Functional Skills.

## **9. 5-19 Careers Education, Engagement and Work**

- 9.1** Monitor and gather evidence of effective curriculum and assessment Careers Education, Information Advice and Guidance (CEIAG) practice across the 11-19 age range. Report 6 monthly (September 2009 & March 2010).
- 9.2** Deliver 11-19 developmental curriculum work with schools and colleges to stimulate the evolution of an effective Careers Education Information Advice and Guidance component.
- 9.3** Provide guidance materials which will help teachers to make connections between national curriculum subjects/courses and progression through learning and work and linking career-related learning with activities in the wider curriculum by March 2010.
- 9.4** Carry out a broad review of Work Related Learning provision across the 5-19 age range. To provide initial interim report by November 2009.
- 9.5** Evaluate Young Apprenticeships (YA)/Diplomas (Dips) alongside YA cohort 5 from early summer term 2009 to March 2010.
- 9.6** KS4 Engagement: From September 2009, follow on from final evaluation to track progression, motivation, effectiveness and sustainability of the programme. Report produced by March 2010.
- 9.7** Develop good practice curriculum materials and delivery approaches for using Work Related Learning to motivate disaffected learners.

## **10. Vocational Education and Training**

- 10.1** Delivery of milestones for "QCF readiness" project in line with Qualifications Reform and Delivery Sub-Programme. Effective co-ordination of activity by QCDA, Ofqual, Learning and Skills Council, UK Commission for Employment and Skills, Learning and Skills Improvement Service, Foundation of Awarding Bodies, Joint Council for Qualifications and other agencies.
- 10.2** Qualifications and Curriculum Framework (QCF): Expansion of qualifications and units sponsored by employers, including as new awarding organisations.
- 10.3** Specific focus in capacity building on promoting the benefits to awarding organisations and SSCs of mixed competence/knowledge qualifications in the QCF.
- 10.4** Effective management of the operation and evaluation of adult Functional Skills pilots (including ESOL learners from September 2009), co-ordinated with the LSC on funding issues, with a view to FS qualifications replacing Skills for Life Adult Literacy and Numeracy in 2012 or earlier, subject to the outcome of evaluation. Provide advice to BIS by end March 2010 on the replacement for Skills for Life qualifications by Functional Skills qualifications.
- 10.5** Advise by December 2009 on the adequacy of the bank of national tests for Key Skills for Life (including ICT and ESOL) for use up to 2014.

## **11. Foundation Learning Tier**

- 11.1** Effective management of the operation of Foundation Learning Tier pre-16 entry pathways pilots so that there can be phased roll-out from September 2010.
- 11.2** Work with stakeholders to ensure that sufficient Entry and Level 1 qualifications are in the QCF for all FLT learners' needs to be met from September 2009 and 2010 respectively.
- 11.3** Effective delivery of the QCA component of the FLT communication strategy to be developed by April 2009.
- 11.4** Other qualifications frameworks: Effective communication strategy on alignment on UK frameworks is agreed by other framework owners and is in place by January 2010. Further progress is made on alignment with SQF, EQF and HE frameworks and reported during 2009-2010.

## **12. Capacity**

- 12.1** Implementation of QCA's agreed plans for relocation to Coventry by March 2010.
- 12.2** To develop and implement QCA's capability/capacity plan to the dates agreed with the Department, based on the skills audit completed in 2008-09.
- 12.3** QCA to provide effective and timely support to Ministers in their accountability to Parliament and public, in particular through meeting deadlines for answering Parliamentary Questions.

## **13. Customer and Citizen Perception/System Reform**

- 13.1** Complete rebranding of QCA as QCDA, and associated work on new culture and ways of working.
- 13.2** With Ofqual, define, agree, communicate and implement protocols to govern the boundaries between QCDA and Ofqual in key business areas and ensure arrangements are in place for cost effective implementation and delivery. Protocols to be agreed by October 2009, with progress reports in April 2009, October 2009 and January 2010.

## **14. Finance**

- 14.1** QCA to manage within the agreed budget and to demonstrate increased efficiency in use of administrative costs.
- 14.2** Lay annual 2008-09 accounts, unqualified, before Parliament by the end of July 2009.

## **15. Sustainability**

- 15.1** QCA to produce a Sustainable Development Action Plan (SDAP) by the end of April 2009 that links with "Brighter Futures-Greener Lives", and provides support for the Department objectives on supporting sustainable schools. This should cover both internal operations and external influence.

## **16. Refernet**

- 16.1** Maintain Refer Net in the UK as the leading Vocational Education and Training policy reporting organisation and network in Europe with Joint Inspection Unit and under contract to CEDEFOP (European Centre for the Development of Vocational Training).

## **17. Equality**

- 17.1** To provide an annual update in December 2009 for the Secretary of State's Report on progress towards disability equality.
- 17.2** Develop a bank of case studies of good practice for primary and secondary schools on how to develop understanding of the social model of disability and promote positive attitudes towards disabled people among pupils. These case studies should exemplify opportunities across the curriculum by January 2010.
- 17.3** Convene a group of people from the sector, including disabled staff and young people, to explore the scope and feasibility of creating a Disability Equality Week on the model of, for example, Black History Month and make a recommendation to the Secretary of State by November 2009.

## **18. Community Cohesion**

Provide guidance on curriculum planning to schools (by January 2010) on using the whole curriculum to promote community cohesion with examples of best practice in curriculum planning for community cohesion. Guidance to be disseminated by March 2010.

## Risk management

The principal risks facing the organisation in 2009-10 arose from major structural changes and operational challenges that continued from the previous year. These related to the impact of separating the regulatory functions of QCA, establishing these as independent organisations, relocating the organisation to Coventry, while ensuring business continuity, and the successful delivery of National Curriculum tests in summer 2009. Further strategic risks related to managing large and complex programmes as work, such as delivery of the Diploma and the development of the Qualifications & Credit Framework.

Risk management was integral to QCA's business planning and reporting systems, and formed part of day-to-day management practice and it will remain so at QCDA. It was integrated at the strategic, programme and operational level, ensuring that all levels of risk management support one another. Risk registers were maintained at executive, group, programme, project and team level. Led from the top down, risk management was embedded in all the normal working routines and activities of the organisation; risks were identified and escalated from the bottom up.

In December 2008, the Board approved the set up of a Risk Committee that reported to the Board to add scrutiny and challenge to the practical management of risk across the organisation. This was endorsed by the Audit Committee which, from 1 April 2010, will continue to advise the QCDA Board on the adequacy and effectiveness of QCDA's risk management systems, internal controls and related practices. It received as a standing item at each meeting a risk management update and reports by exception on projects and volatile risks. The Audit Committee also received regular presentations from individual Directors on the management of risks in their groups. The Risk Committee met six times in 2009-10 and reported formally to the Board on the discharge of its duties. The Risk and Audit Committees shared meeting minutes.

Following a discussion on the risk of dual reporting by programmes to both the Risk and Audit committees the Chairs' of the committees agreed an approach which included transferring the review of programme risk management to the Risk Committee. The Audit Committee continued to assure the Board that the overall system for risk management was fit for purpose and internal audit continued to report on the organisation's risk management systems. The revised reporting process was implemented at the January Risk and Audit Committee meetings.

The Audit Committee was able to assure the Board that there were satisfactory processes and systems in place to manage risk within QCA. This assurance was based on assurance provide by the internal auditors for 2009-10. The internal auditors identified mostly low and medium rated risks during the course of their audit work on business critical systems, but there were some isolated high risk recommendations. The internal auditors were therefore able to give moderate assurance on the design adequacy and effectiveness of the system of internal control.

### Personal data related incidents

There were 7 (2008-09: 6) reported personal data related incidents during the year.

Three of these incidents concerned the loss or theft of hardware including a laptop, two desktop computers and a router. The laptop was password-protected and encrypted in line with guidance provided by CESA (Communications-Electronics Security), the information assurance arm of Government Communications Headquarters (GCHQ). The desktops contained no data, and the laptop contained only information that was already available in the public domain. The laptop incident was reported to the Department and to the Office of the Information Commissioner, but the desktops incident was not because there was no loss of data involved.

Four further incidents related to the following:

- a package containing National Curriculum test papers left outside of a school front door for twenty minutes that was checked and found not to have been tampered with, and the courier was subject to internal disciplinary procedures
- a marker pack went missing at a school in Blackburn, the incident was investigated by the QCA Maladministration team
- a theft of £200 in cash from an employee's desk that was reported to the Police, but the investigation wasn't taken further by the Police because the value was less than £500. An internal investigation of CCTV footage failed to identify a suspect



- a number of staff received letters relating to the relocation to Coventry with personal information about other members of staff.

These incidents were fully investigated and where relevant prompted further guidance to staff and improvements to internal procedures.

The level of inherent risks relating to staff fraud and error due to the amount of change happening within the organisation over the last twelve months remains high, although the bulk of the relocation is completed, and will need to be kept under close scrutiny. The risk level could also be heightened by the uncertainty within the organisation following the announcement of the Government's intention to introduce legislation to abolish the QCDA.

## Corporate developments

### Organisational realignment and the Apprenticeships Skills, Children and Learning Act

In September 2007 the Secretary of State for Children, Schools and Families announced that the QCA regulatory functions would become statutorily independent (as Ofqual), and that the remaining functions of the QCA would be established as the Qualifications and Curriculum Development Agency (QCDA). Through 2009-10 QCDA and Ofqual worked with colleagues at the Department to define the relationship between the two organisations and contribute appropriately to the legislative process. The Apprenticeships Skills, Children and Learning Act 2009 received Royal Assent on 12 November 2009 and both QCDA and Ofqual were vested on 1 April 2010. Much work has already been completed to build the operational detail beneath the legislative framework to enable QCDA to undertake its duties and functions under the Act. By working closely with the Department and Ofqual colleagues it has been possible to ensure that processes are efficient, cost effective and recognise the distinct and important contributions each body makes to the education system and its benefits for learners. To secure these arrangements going forward QCDA will, by summer 2010, have in place a Memorandum of Understanding with Ofqual setting out broad ways of working in key areas.

### Relocation of QCA

As part of the Department's commitment to implementing the recommendations of the government's Independent Review of Public Sector Relocation, led by Sir Michael Lyons, the majority of relocation activity was completed by February 2010. This included the completion of the new building, the successful move of most staff to the new building and the set up of the IT infrastructure. The teams delivering National Curriculum and Single Level tests will remain in Piccadilly until September 2010 when they will move to the new building at Earlsdon Park in Coventry.

### Efficiency review programme

QCA had agreed targets to achieve a 5% per annum reduction in expenditure on administrative or 'back office' costs, against a basis which was agreed with the Department and which was achieved in 2009-10. The government's future targets for public spending require the QCDA to set challenging targets for the reduction of its budget for subsequent years.

## Performance review 2009-10

**Key Result Area 1: Provide a modern, world-class curriculum that will inspire and challenge all learners and prepare them for the future; and to support the curriculum with methods of evaluation and assessment which promote learning and report achievement in learning at individual, institutional and national level**

### *Independent Review of the Primary Curriculum*

QCA ran a national consultation on the report by Sir Jim Rose on his independent review of the primary curriculum. QCA submitted final advice to the Department on the outcomes of the Independent Review. QCA also finalised programmes of learning and essentials for learning and life, under the direction of Sir Jim Rose and in collaboration with a wide range of stakeholders and expert groups.

### *Primary Curriculum Website*

QCA developed a website to support the primary school curriculum which was launched in January 2010. The site contains the proposed curriculum framework alongside guidance and a range of tools and case studies to support schools in designing a curriculum that meets the needs of learners.

### *Secondary Curriculum and 11-19 Developments*

QCA continued to support the implementation of the secondary curriculum that was introduced in September 2008, by working with implementation partners such as Specialist Schools and Academies Trust, CfBT Education Trust and the Department. QCA conducted a national consultation on level descriptions to finalise the changes made as part of the introduction of the secondary curriculum. QCA also developed guidance materials on the sustainable development cross-curriculum dimension.

### *Assessing Pupils' Progress*

QCA continued its collaboration with the National Strategies, which are one of the Government's principal vehicles for improving the quality of learning and teaching in schools and early years settings and raising standards of attainment. QCA continued to support schools across the country to develop an enhanced process for Assessing Pupils' Progress, equipping teachers to make judgements on pupils' progress, fine-tune their understanding of learners' needs, and tailor their planning and teaching accordingly.

### *GCSEs*

QCA accredited revised GCSEs for the majority of subjects. The revisions have been significant and aim to bring GCSE specifications into line with recent reforms to the secondary curriculum and introduce controlled assessments in place of coursework. The results have been well received by awarding bodies.

### *Equality and Diversity*

A group of schools worked with QCA to explore the ways in which equality and diversity can be embedded in the curriculum and how particular equality issues in schools can be tackled through curriculum change. QCA held a consultation with disabled learners and staff to explore the feasibility of establishing a Disability Equality Week in schools and the results will form part of future Departmental policy in this area.

**Key Result Area 2: Establish an integrated system of qualifications that will meet the needs of learners, employers and higher education and contribute to a successful society and economy, by better harnessing the stock of human talent**

### *Qualifications and Credit Framework Readiness*

During 2009-10 the programme worked with partners to focus on the delivery of a comprehensive capacity building programme for the sector following the adoption of the QCF in 2008. Five key partner agencies undertook the work with QCA and all milestones for the programme were met within budget for the year. During the year BIS agreed that there would be no ongoing remit for QCA from BIS after 31 March 2010. The programme ended with all project deliverables completed and all close down activity finalised by the end of the financial year.

### *Employer Recognition Programme*

Over the course of the year 173 employers were actively engaged in either gaining Awarding Organisation status or having their training recognised within the QCF. A series of communications and case studies were completed and a large number of stakeholder engagement activities undertaken.

### *Diploma Programme*

Teaching of the second phase of Diplomas began in September 2009, following on from the successful first Diploma awards on 27<sup>th</sup> August. While continuing the development of the final two phases, QCA also had a leading role in streamlining the Diploma awarding processes, ensuring a sustainable business model is fully in place in time for national entitlement in 2013.

### *14-19 Qualifications and Curriculum Programme*

QCA worked on the development and accreditation process for GCSEs in English, Mathematics and ICT with a number of qualifications being approved by Ofqual. These will be available for first teaching in September 2010. Development and accreditation work was completed on a new pair of GCSE linked mathematics qualifications which will be piloted in up to 300 centres from September 2010. A revised set of six criteria was developed for

GCSE science and specification accreditation will be completed in July 2010 to enable first teaching in September 2011.

#### *Foundation Learning*

The Foundation Learning programme (FL) aims to increase participation in learning by offering better curriculum choice and more flexible learning opportunities to all learners and has now 836 accredited qualifications. There are currently over 10,000 learners engaged in the 14-19 pilot – which consists of 22 Local Authorities. There are an additional 33 in a voluntary network which was introduced to grow capacity as a pre cursor to national roll out in September 2010 and full implementation in September 2013.

#### *Functional Skills*

QCA continued its pilot of new Functional Skills qualifications with some 200,000 learners in 3,500 centres. Evaluations continue to be conducted to assess the impact of the introduction of Functional Skills qualifications and their ability to meet the needs of all audiences. QCA conducted a statutory consultation with key stakeholders which supported the development of the Functional Skills Regulatory Criteria. QCA worked closely with the pilot awarding organisations to develop their Functional Skills qualifications in preparation for accreditation and roll out of the qualifications in September 2010.

#### *Research and Evaluation*

In 2009-10 QCA continued to assess the impact of reforms in education for 11-19 year olds and reform in vocational qualifications. QCA completed evidence gathering on GCSEs, continued to build candidate level data and successfully completed a full cycle of Achievement and Attainment Tables.

#### *Joint Advisory Committee for Qualifications Approval*

QCA worked with the Learning and Skills Council to continue to support the Joint Advisory Committee for Qualifications Approval in providing advice to Government on directing public funds at relevant qualifications for 14-19 year olds. During 2009-10 the committee's effort was directed to the production of a biennial report into the current qualifications offer for 14-19 year olds. The report was submitted to the Secretary of State for Children, Schools and Families in March 2010 and the recommendations were agreed.

### **Key Result Area 3: Enable and safely deliver innovative assessments in schools and colleges, improving the learner experience and minimising administrative burden**

#### *National curriculum assessments*

In 2009 QCA developed national curriculum assessments for 7 and 11 year old pupils in England. For key stage 2 approximately 1.8 million test scripts were delivered to schools, and the tests were administered very successfully by schools. More than 6,000 markers were involved in the external marking of the tests and 99.6% of papers were successfully returned to schools by 7 July, along with their results.

In addition to the successful delivery of the tests, 2009 saw a significant increase in levels of teacher assessment collection. This was as a result of improved online tools for schools to submit data and improved communications strategy for contacting schools and local authorities.

#### *Single level tests*

As part of the Department's *Making Good Progress* pilot, QCA managed the third year of trialling single level tests. The outcomes of these tests are intended to confirm teacher judgements that pupils are working at a particular national curriculum level. QCA developed tests in English reading and writing and in mathematics at levels 3, 4, 5 and 6.

#### *Support to schools and colleges*

Surveys of the exams office community showed high levels of appreciation again this year for QCA training, guidance, communications and our efforts to reduce administrative burden in examinations. Our national field team of Support Officers continued to provide targeted support to those schools and colleges that have been dependent on staff who are new to role for their local administration of examinations.

The first wave of exams centres with Diploma learners have also been supported by our field staff throughout their preparations for the first Diploma awards. The second wave of exams office staff, whose schools started

teaching the Diploma in September 2009, also completed their hands-on training on Diploma administration, including using the Diploma aggregation service.

#### *Chartered Institute of Educational Assessors*

This year over 500 individuals working in 100 consortia have been accredited for the roles of Lead and Domain Assessor as part of the internal assessment requirements of the Diploma, over 50 Chartered Educational Assessors have been trained and accredited in line with the recommendations of the Department's Expert Group on assessment, and four Masters' degree programmes in educational assessment have been supported with partner universities. The Institute now serves over 10,000 individuals working in awarding bodies, schools, colleges and the workplace.

#### **Key Result Area 4: Regulate awarding bodies, qualifications, examinations and National Curriculum assessments effectively to ensure that the qualifications market is fit for purpose, that qualifications are fair, that standards are secure, that public confidence is sustained and that QCA acts as the public champion of the learner**

During 2009-10 Ofqual was active in an interim form, as a distinct part of the Qualifications and Curriculum Authority. The Ofqual Committee met regularly throughout the year, reporting to the QCA Board.

In December 2009 the Queen extended Kathleen Tattersall's appointment as Chair of Ofqual and Chief Regulator for a further three years and in December 2009 the Secretary of State appointed Isabel Nisbet as the first Chief Executive. From December 2009 to March 2010, QCA carried out the necessary consultation on how Ofqual would implement its new functions, powers and duties. The necessary work to establish Ofqual as a separate organisation was overseen by a programme board which had been in place since 2008, and included QCA and the Department.

In 2009 the Ofqual Committee agreed a new formulation of the vision for Ofqual: to be the independent regulator of qualifications and assessments that are valued and trusted by learners, users and the wider public.

Each of the individual programmes of work in which Ofqual was engaged related to at least one of these strategic priorities. Under the supervision of the Ofqual Committee, the strategic direction of Ofqual's activities was focused on (a) input to work on the Bill establishing Ofqual, and consultation on its implementation; (b) preparing to launch Ofqual as an independent organisation from 1 April 2010; (c) regulating qualifications, examinations and National Curriculum assessments; (d) establishing a strategy and facility to take on new and extended responsibilities from 1 April 2010.

#### **Key Result Area 5: Develop the QCA brand: expand public understanding of the work of QCA, and maintain and promote our reputation among the various stakeholders (principally learners, parents, the education community, industry and employers, and Government)**

##### *Launch of QCDA*

The Communications and Marketing Group created a new corporate identity for QCDA, representing its transformation from QCA into a new development agency. Stakeholders and customers were all informed of the new name and role of the organisation via a communications campaign.

##### *News and media*

The Media Relations team successfully managed a number of high-profile media issues. These included concerns leading up to national curriculum test season; the successful delivery of the tests; the first year of Diploma awarding and a number of issues leading up to the General Election.

##### *Communications channels*

A new website was launched, with a cleaner look, easier navigation and interactivity. A review of newsletters and events was carried out to ensure best value for money, increased stakeholder engagement and new measurement and evaluation methods. The internal communications team introduced round table briefings for Executive Directors to speak to staff, a team brief cascading tool and a staff newsletter.

### *Stakeholder engagement*

Events became more business-focused a wider stakeholder engagement plan was launched to include the West Midlands a specific area for attention. Relationships with the Department were strengthened leading to greater partnership working.

## **Key Result Area 6: Develop systems and internal processes that enable exemplary performance through the work, expertise and commitment of QCA's people**

### *Legal team*

QCA Legal continued to provide high quality advice and support to the organisation, and played a critical role in supporting the development of the legislation that established QCDA and Ofqual.

### *Equality and diversity*

Following publication of its Single Equalities Scheme in December 2007, QCA continued to embed equality and diversity in its work as a service deliverer and as an employer. This informed all aspects of QCA's work in the development of the curriculum and qualifications, and helped to develop QCA as an employer of choice.

### *Human Resources*

The Human Resources team's main focus throughout the year was the continued support of the set-up and relocation of Ofqual and QCDA, which required high volumes of recruitment, supporting the move to a matrix management structure, and revising the HR processes needed to support the new way of matrix working.

### *Chief Information Officer*

The key achievement of 2009-10 for the Chief Information Officer's team was the successful establishment of the IT infrastructure at QCA's new building in Coventry. The other focus throughout the year was the continual improvement of the service provided by QCA's outsourced IT desktop support.

### *Finance*

The Comptroller and Auditor General gave our accounts for 2008-09 a clean audit certificate, without qualification. We exceeded HM Treasury's target of paying 95% of suppliers within 30 days by paying 97.3% of our bills within this time frame.

## **Looking to the future for QCDA**

QCDA's focus in 2010-11 is on efficiently delivering programmes of work that benefit the learner and the wider education industry. The broad programmes of work and key objectives within them are outlined below:

### Curriculum and Early Years Foundation Stage

- provision of reports on baseline evidence on the primary school curriculum, and on trends in the secondary school curriculum
- statutory consultations on the new primary curriculum and secondary programmes of study
- working with subject communities to produce and disseminate high quality guidance
- working with the education sector and partners to produce and disseminate high-quality examples of consistent and effective approaches to the teaching and assessment
- provision of evidence based interim advice on areas of learning in the EYFS.

### Assessment

- delivery of KS2 National Curriculum tests successfully in May 2010 with 99.9% of results available to schools by the agreed date
- collection of teacher assessment data from schools
- delivery of robust and reliable EYFS Profile and 2010 KS1 results
- delivery of Single Level tests successfully in June 2010 and begin development of Single Level tests for December 2010 and June 2011.

### General Qualifications

- provision of advice and recommendations for the implementation of all aspects of A level and GCSEs based on evidence gathered through a robust evaluation process
- implementation of the GCSE mathematics linked pair pilot, management of the mathematics pathways project, and make recommendations into future mathematics qualification development
- JACQA will continue to take an evolutionary approach to helping to develop the qualifications landscape in line with the government's 14-19 qualifications strategy.

### Functional Skills

- provision of evidence on the impact of the introduction of Functional Skills qualifications, and associated recommendations for action
- preparation and delivery of high quality communications to support learners, centres, employers, higher education customers and other stakeholders.

### Diplomas

- continue to develop the third and fourth phases of Diplomas, while completing a first year review
- plan for the first set of 're-accreditations' for phase 1 diplomas in 2011
- continue to define and implement a sustainable, streamlined business model for future Diploma delivery, while ensuring successful awarding in August 2010.

To ensure that these programmes of work are delivered successfully and efficiently, the organisation has established a matrix management structure that enables staff to be deployed across programmes. The resources for the programmes are aligned to capability groups relevant to their role and skill set. These capability groups provide support and resource to the programmes, and a clear career development path for staff. This ensures that the organisation is able to build its internal capability significantly reducing the use and cost of external consultancy and interims. Throughout 2010-11 the organisation will be reviewing existing processes to look for opportunities to make the organisation more efficient in the delivery of its remit.

Lin Hinnigan

Accounting Officer and Chief Operating Officer  
Qualifications and Curriculum Development Agency

18 June 2010

## Remuneration report

### a) Unaudited information

The remit of the Remuneration Committee, as described on page 5, was to agree pay and conditions for the Chief Executive with reference to the recommendations of the Senior Salaries Review Body; to agree pay awards, bonuses, benefits, severance packages and pension arrangements for the posts reporting to the Chief Executive; and to maintain oversight of pay and conditions for the next tier of staff.

Members of the Remuneration Committee were:

Mr Mike Beasley (Chair) (from December 2008)  
Mr Christopher Trinick (from November 2008)  
Sir David Watson (until September 2009)  
Mr Andrew Hall (ex officio) (to March 2010)  
Mr Nick Stuart  
Professor Michael Arthur

The Committee regularly reviewed the remuneration and benefits of senior managers by comparison with similar NDPBs and with related organisations in the field of education.

The remuneration of senior managers comprised basic pay plus an annual performance-related bonus of up to 15% of basic salary. Basic pay was reviewed annually to reflect the value of the employee's contribution in the preceding year. All increases in basic pay were performance-related. Bonus objectives based on team and individual performance were set at the start of the financial year by way of a Performance Agreement between the individual senior manager and QCA. Objectives reflected performance levels required to achieve QCA's organisational objectives. Bonuses were awarded at the end of the financial year based on the degree to which senior managers have successfully met their objectives.

All senior managers are employed on permanent or fixed-term employment contracts, with a notice period of three months. No senior manager is employed on a service contract.

Total remuneration, including benefits in kind, paid to senior managers during 2009-10 amounted to £1,499,908.

During 2009-10 Carol Copland, Mary Curnock Cook, Sue Horner and Mick Waters received lump sum redundancy payments in the amounts of £75,710, £103,139, £9,690 and £1,575 respectively following their decision not to relocate with the organisation to Coventry. Mary Curnock Cook will also receive contributions to her pension scheme up to the age of 60, valued at £170,266, at a discounted rate at 1.8%.

During 2008-09 contracted payments in lieu of notice were paid to Ken Boston, £59,689 and to David Gee, £41,944; in lieu of annual leave entitlement not utilised to Ken Boston, £16,363 and David Gee, £6,610; and repatriation costs to Ken Boston, £24,284. QCA also agreed to pay legal fees up to a maximum of £15,525 and £2,070 for Ken Boston and David Gee respectively.

**b) Audited information****Remuneration of the Chief Executive and the Executive**

Figures in brackets refer to 2008-09 and a total accrued pension at 60 at 31 March 2009:

Name	Annualised salary	Salary paid	Benefits in Kind (to nearest £100)	Real increase in pension at 60 and related lump sum	Total accrued pension at 60	Total accrued pension at 60 - related lump sums £'000	CETV at 31/03/09	CETV at 31/03/10	Real increase in CETV
	£'000s (a)	£'000s (b)		£'000s	£'000s		£'000s (c)	£'000s (d)	£'000s (e)
<b>2009-10</b>									
<b>Andrew Hall<sub>1</sub></b> Acting Chief Executive until 1 September 2009 & Chief Executive to 31 March 2010	185 - 190 (165 - 170)	185 - 190 (165 - 170)	54,700 (56,300)	0 - 2.5 (0 - 2.5)	5 - 10 (0 - 5)	0	78	121	35 (27)
<b>Carol Copland</b> Director, Legal & Corporate Affairs until 4 October 2009	140 - 145 (120 - 125)	80 - 85 (120 - 125)	0 0	0 - 2.5 (2.5 - 5)	10 - 15 (5 - 10)	0	89	111	13 (20)
<b>Mary Curnock Cook</b> Director, Qualification & Skills until 31 December 2009	140 - 150 (130 - 135)	110 - 115 (130 - 135)	0 (600)	0 - 2.5 (0 - 2.5)	10 - 15 (10 - 15)	0	161	210	30 (24)
<b>Sally Deighan</b> Executive Director for Operational Support from 7 December 2009	120 - 125	35 - 40	0	0 - 2.5	0 - 2.5	0	0	11	9
<b>Lin Hinnigan</b> Chief Operating Officer from 18 January 2010	120 - 125	20 - 25	0	10 - 15	30 - 35	100 - 105	712	770	68
<b>Sue Horner</b> Acting Director of Curriculum until 28 February 2010	135 - 140	130 - 135	0	25 - 30	45 - 50	145 - 150	1,000	1,162	154
<b>Sylvia McNamara</b> Executive Director for Policy Implementation from 1 February 2010	120 - 125	20 - 25	0	0 - 2.5	0 - 2.5	0	0	7	6
<b>Isabel Nisbet<sub>1</sub></b> Acting Chief Executive of interim Ofqual until December 2009, Chief Executive from December 2009	165 - 170 (145 - 150)	165 - 170 (145 - 150)	31,200 (22,700)	0 - 2.5 (0 - 2.5)	5 - 10 (5 - 10)	0	140	196	44 (32)
<b>Darryl Nunn</b> Acting Director, Strategic Resource Management until 1 November 2009, Executive Director of Corporate Services from 1 November 2009	140 - 145 (130 - 135)	140 - 145 (30 - 35)	0 0	2.5 - 5 (0 - 2.5)	5 - 10 (5 - 10)	0	86	135	40 (18)
<b>David Robinson</b> Director, Communications & Marketing to 31 March 2010	135 - 140 (100 - 105)	135 - 140 (100 - 105)	0 0	2.5 - 5 (0 - 2.5)	10 - 15 (5 - 10)	0	174	237	48 (33)
<b>Mick Waters</b> Director, Curriculum until 30 April 2009	145 - 150 (135 - 140)	25 - 30 (135 - 140)	0 0	0 - 2.5 (0 - 2.5)	5 - 10 (5 - 10)	0	146	163	11 (33)
<b>Mick Walker<sub>1</sub></b> Acting Director, TESH until 31 July) Executive Director of Education from 1 August 2009	125 - 130 (110 - 115)	125 - 130 (25 - 30)	47,500 (10,100)	35 - 40 (0 - 2.5)	45 - 50 (35 - 40)	140 - 145	880	1,148	221 (12)

1. The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. Benefits in kind were received by Andrew Hall, amounting to



£54,689 (2008-98: £56,300) for the provision of living accommodation and travel; Isabel Nisbet, £32,214 (2008-09: £22,700) for the provision of living accommodation and travel; and Mick Walker, £47,546 (2008-09: £10,081) for the provision of hotel accommodation and travel.

2. Pension information is not provided for members with less than one year's service.

(a) Annualised salary excludes relocation costs.

(b) Salary includes gross salary; performance pay or bonuses; reserved rights to London weighting; additional housing cost allowances and relocation costs for the period.

(c) - (e) Pension

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of four providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Value) (Amendment) Regulations and do not take account of any

actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when the pension benefits are taken.

The Real increase in CETV reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### Remuneration of the Chairman and other Board members

The Board consisted of up to 13 members. A list of the current Board members can be found on page 4. With the exception of the Chief Executive (ex officio member), members were appointed for a term of up to three years by the Secretary of State for Children, Schools and Families.

The following two members of the board were remunerated for their services.

Name	Annualised salary	Salary paid	Benefits in Kind (to nearest £100)	Real increase in pension at 60 and related lump sum £'000s	Total accrued pension at 60 and related lump sum £'000s	CETV at 31/03/08	CETV at 31/03/09	Real increase in CETV
	£'000s (a)	£'000s (b)		£'000s		£'000s (c)	£'000s (d)	£'000s (e)
<b>2008-09</b>								
<b>Christopher Trinick</b> Chairman	65 - 70 (60 - 65)	65 - 70 (30 - 35)	18,200 (10,100)	-	-	-	-	-
<b>Kathleen Tattersall</b>	60 - 65 (55 - 60)	60 - 65 (55 - 60)	11,900 (5,400)	-	-	-	-	-

Benefits in kind were received by Christopher Trinick and Kathleen Tattersall in respect of the provision of hotel accommodation and travel.

With the exception of the two board members listed above and the former Chief Executive, board members were reimbursed only for expenses incurred. During the year a total of £7,450 (2008-09: £3,692) was reimbursed to 13 (2008-09: 11) members.

Lin Hinnigan

Accounting Officer  
Qualifications and Curriculum Development Agency

18 June 2010

## **Financial Statements for the year ended 31 March 2010**

### **Statement by the Accounting Officer on the System of Internal Control**

#### **Scope of responsibility**

As Accounting Officer, I have responsibility for maintaining an effective system of internal control that supports the achievement of the QCA policies, aims and objectives, whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The Chief Executive of the QCA, Andrew Hall, was Accounting Officer to 31 March 2010. Following the announcement of his resignation, I was appointed as Accounting Officer of the QCDA with effect from 1 April 2010. I have received from Andrew Hall copies of letters of assurance from senior managers who have had delegated authority during the course of the year and his statement of assurance in relation to the operation of the internal control systems. In signing this Statement I place a high level of reliance on the information from Andrew Hall as the Accounting Officer for the whole of the financial year ended 31 March 2010.

QCA's objectives were linked to several Departmental Public Service Agreement (PSA) targets through its work on the curriculum, tests and examinations, qualifications and skills, as well as its regulatory work. I, and my Chairman, have regular meetings with the Department's Ministers and senior officials at which we discuss any risks that could affect the attainment of these objectives. A protocol for strategic and operational planning is also in place with the Department to support the formal agreement of objectives and funding, and putting appropriate risk management in place before new work is accepted.

This was an exceptional year in the history of QCA. We successfully completed the major phases of relocating the organisation to the West Midlands, following the recommendations of the Lyons Review on moving public servants out of London and the South East of England. Under the terms of the Apprenticeships, Skills, Children and Learning Act 2009, we also de-merged the regulatory arm of our organisation and established Ofqual as the independent regulator of examinations and National Curriculum tests. We established the remaining parts of the organisation as the Qualifications and Curriculum Development Agency (QCDA) to develop the curriculum, improve and deliver assessments, and review and reform qualifications. While achieving this, we planned and implemented matrix management of our staff for more effective deployment of available resources, and carried out a planned restructuring of our senior management team. This has been achieved through careful project planning and management of very significant risks. Clarification of accountabilities within the new matrix management has been a key focus of activity at the start of the 2010/11 financial year.

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a level acceptable to the QCA Board rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore provide only reasonable, rather than absolute, assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of QCA's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

The system of internal control was in place in QCA for the year ending 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

#### **Capacity to handle risk**

QCA's strategic risks were derived from its annual remit for the organisation, which was provided by the Secretary of State at the start of the financial year and set out the organisational objectives of the QCA. As part of QCA's Risk Management Framework all members of the Executive and QCA's senior management team provided assurance that the strategic risks and programme risks allocated to them were managed in accordance with QCA's Risk Management Framework and within QCA's risk appetite, as set out by a series of tolerances approved by the QCA Board.

A risk management competency was incorporated into all job descriptions for programme and project managers.

Risk management training, as part of QCA's corporate training package, was offered to all staff; there was risk training during the induction of new staff; and both forms of training were based on the information provided in QCA's Risk Management Framework documentation.

Standardised and quantitative criteria helped ensure consistent assessment and reporting of risk throughout the organisation.

A number of QCA's major programmes of work were subject to the OGC Gateway Review Process. All Gateway Reviews, including the progress on implementing the recommendations arising from the Reviews, were reported to the QCA Audit Committee; Gateway and other reviews formed part of the information provided to inform the scrutiny of specific projects and programmes that were scrutinised by the QCA Risk Committee; and both Committees reported to the QCA Board.

### **The risk and control framework**

Programme risks that exceeded a pre-determined tolerance were reviewed by the QCA Executive and, if appropriate, escalated to the QCA Board. The QCA Executive also reviewed strategic risks, and all strategic risks were reported to the QCA Board.

The Board published to the organisation its internal *Statement of Risk Appetite*.

Risk management was handled primarily at Group level through the maintenance of programme and project risk registers. Group Directors completed an end-of-year statement on internal control that confirmed their compliance with QCA policies on risk management, finance and governance, and with the requirements set out in the risk management framework and government accounting procedures.

Directors and Programme Heads reported on risk to both our Audit Committee and Risk Committee.

The QCA Executive carried out a rolling review of the organisation's programmes of work, which included scrutiny of programme risks, how these were managed, and the cumulative impact on the organisation.

### **Review of effectiveness**

I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control in 2009-10 was informed by the work of our internal auditors; QCA Directors; the QCA Corporate Affairs team, which had responsibility for the development and maintenance of the internal control framework; and comments made by our external auditors in their management letter and other reports. I have been advised by the Board and the Audit and Risk Committees on the implications of the results of my review of the effectiveness of the system of internal control, and plans to address weaknesses and ensure continuous improvement of the system have been put in place.

The QCA Senior Information Risk Owner (SIRO) has provided an assessment of information risk, drawing on material from information asset owners and from our Chief Information Officer's group, which had a responsibility for ensuring that the QCA had effective information management and security which complied with legislation and government best practice. We were compliant with 58 of the 70 security requirements set out in the Cabinet Office Security Policy Framework, to which all Government Departments and Agencies must adhere. Of the remaining 12 requirements, QCA was partially compliant with four, and is currently in discussion with the Department about the applicability of one, and seven were not applicable. We have a tracking system to monitor our progress against the policies included within the Security Policy Framework and ensure that there is no lessening of effort to maintain our high level of compliance.

We are trialling the use of the government GSX e-mail environment, with a view to enhancing further the security of the personal and sensitive data we transmit electronically; and we follow Cabinet Office guidance on the use of encrypted memory sticks for the secure transfer of all information not already in the public domain.

Two desktop computers and a router were lost during the course of the year. One laptop computer was also lost by a member of staff, and one instance of bulk correspondence having been wrongly addressed was recorded. The desktop computers contained no data and the laptop was encrypted and held no sensitive data. Staff were

reminded again of their responsibility to be vigilant when out of the office and in possession of IT equipment. A revised process for merging correspondence with addresses was introduced, with clearer accountabilities and instructions on checking the finished documents. Both incidents were reported to the Information Commissioner's Office and no further action has been taken by the Information Commissioner.

We have set a high quality standard for ourselves, and recognise that information security continues to mature as a discipline across government. On this basis our Chief Information Officer therefore gave QCA a limited assurance rating for information security.

The QCA Board and the Audit and Risk Committees have advised me on the effectiveness of the system of internal control.

The Board approved the strategic risk register at the beginning of the year, and monitored it throughout the course of the year. The Board also received regular reports from the Chief Executive and from its Committees.

The role of the Audit Committee was, and will continue to be, to advise the Board on the adequacy and effectiveness of QCA's risk management systems, internal controls and related practices. During the year the Audit Committee received risk management updates and reports by exception on the progress of projects and growing risks. The Chairman of the Audit Committee reported to the Board following each Committee meeting, giving him an opportunity to alert the Board to any matters of concern.

The role of the Risk Committee complemented that of our Audit Committee by reviewing the effectiveness of the implementation of risk management, and the integrity of risk information reported by projects and programmes within the organisation. During the year the Risk Committee received regular presentations from individual Directors on the management of the risk, and scrutinised and challenged their practical management and reduction of risk.

The QCA internal auditors delivered an audit plan driven by the Executive risks, as agreed by the Audit Committee. The Audit Committee considered reports on each audit as well as the internal auditors' annual report on the effectiveness of the overall system of internal control. Our internal auditors have offered a moderate assurance rating on the design, adequacy and effectiveness of QCA's system of internal control.

Last year, my predecessor identified six internal control issues:

1. The failure of the process for delivering National Curriculum test results by the agreed deadline in summer 2008 was very damaging to QCA, and we fully accepted, and acted upon, the recommendations contained in Lord Sutherland's report on the matter. We have in the last year completed our planned restructuring of the organisation and senior management team. The completion of action to address specific recommendations relating to the National Curriculum tests has been overseen by the National Curriculum Tests Strategic Delivery Group which was chaired by the Department.
2. Compliance with our procurement rules has been strengthened and adhered to. Our Audit Committee and Board have been kept informed of the actions taken to strengthen controls in this area including; the need to obtain Chairman and Chief Executive approval should work need to start ahead of a contract being formally signed has been observed; and the Chief Executive personally authorised the procurement of consultants to keep tight control of this area of procurement.
3. Internal audit recommendations on improving our payroll process have been completed and reported to the Audit Committee.
4. As reported above, our Chief Information Officer continued to strengthen our controls and compliance over data management and security during the year.
5. The transition of business knowledge was a critical element of our successful relocation of QCA in 2009-10 from central London to Coventry. Defined targets were set for each individual who relocated or left the organisation, and line managers confirmed in writing once these had been met.

6. The process for identifying and reporting programme milestones, as well as the guidance supporting this activity and the level of challenge the reports were subjected to, were improved to address these weaknesses identified in 2008-09.

### Internal control issues

My attention has been drawn to some areas of internal control, and I have put arrangements in place to address these.

1. *Business continuity planning*

A full-time Business Continuity Manager led the maintenance of QCA corporate business continuity plans and provided leadership and guidance to business teams in developing their own business continuity plans. Business continuity incident management and strategy teams were established, practical exercises carried out and lessons learned integrated into revised plans. Nevertheless, there is significantly more work to be done in the coming year to align the existing plans with the new management structure of QCDA, improve our planning activities and ensure that training and education are carried out and embedded within the organisational culture.

2. *Relocation of QCDA*

With the completion of the long-planned relocation to Coventry and the expected high turnover of staff, there has been a concomitant loss of knowledge from the organisation. There is a continuing risk of losing further staff members as those currently working in Coventry on a trial basis determine whether they wish to make their relocation permanent. With so many new staff members there may be a much higher risk of compliance failure, and extra monitoring of basic controls will be applied in the initial part of the year.

3. *Back-office support to Ofqual*

Although considerable effort was directed towards the smooth separation of the regulatory function of QCA, and planning its establishment as the independent regulator, Ofqual, a risk materialised in connection with one of the suppliers of back-office services. Ofqual was left without these back-office, administrative services. These, however, were not critical to the vesting of the independent regulator on 1 April 2010. QCDA is continuing for an agreed and limited period to provide these services to Ofqual. This will need to be closely monitored and any indication of slippage reported and addressed immediately. Our Audit and Risk Committees, and our Board, are taking a keen interest in this matter – as is the Ofqual Board – and will be kept fully informed.

4. *Procurement*

The planned restructuring of our Commercial and Procurement team is underway and will help to strengthen controls in this area. Improving the organisation's procurement planning will be of equal importance, and the deployment of programme delivery support resources through matrix management will support this. Tight control of the approval of contracts, and the requirement that the Accounting Officer personally approve any single tender awards has significantly mitigated the risk in this area, and these controls will continue to be applied.

5. *IT strategy*

This area of strategy has been critical to running our business and will continue to be so. The entire senior management team has made strenuous efforts during the year to assure itself that value for money could be properly demonstrated and change controls were rigorously applied. Given the critical work scheduled for the year ahead, and the lessons learned from the challenges of 2009-10, particular attention will be given to the development and testing of the strategy for 2010-11.

6. *QCDA closure announcement (see note 28 to the accounts) and additional government expenditure controls*

The systems of internal control will be reviewed for the 2010-11 financial year to ensure that they are robust and appropriate both to managing a business whose work is being wound down or transferred and also to operating in the context of new cross government controls on spending

Lin Hinnigan  
Accounting Officer and Chief Operating Officer  
Qualifications and Curriculum Development Agency

18 June 2010

## **The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**

I certify that I have audited the financial statements of the Qualifications and Curriculum Authority for the year ended 31 March 2010 under the Education Act 1997. These comprise the Group and Parent Statements of Financial Position, the Group and Parent Net Expenditure Accounts, the Group and Parent Statements of Cash Flow, and the Group and Parent Statements of Changes in Reserves, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Accounting Officer and auditor**

As explained more fully in the Statement of Chief Executive Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the Audit of the Financial Statements**

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 Qualifications and Curriculum Authority's and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Qualifications and Curriculum Authority; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Opinion on Regularity**

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the Qualifications and Curriculum Authority's and the group's affairs as at 31 March 2010 and of the Qualifications and Curriculum Authority's and the group's net expenditure, changes in reserves and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Education Act 1997 and the Secretary of State's directions issued thereunder.

### **Emphasis of matter - Going concern**

In forming my opinion, which is not qualified, I have considered the adequacy of the disclosures made in note 1(n) and note 28 to the financial statements concerning the application of the going concern principle in light of the Government's announced proposal to introduce legislation in the autumn of 2010 to abolish the Qualifications and Curriculum Development Agency. This proposal indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Qualifications and Curriculum Development Agency to continue as a going concern. The financial statements do not include the adjustments that would result if the Qualifications and Curriculum Development Agency was unable to continue as a going concern.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary

of State's directions issued under the Education Act 1997; and

- the information given in Management Commentary, included within the Annual Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

**Report**

I have no observations to make on these financial statements.

Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
24 June 2010



**QCA GROUP & THE QUALIFICATIONS AND CURRICULUM AUTHORITY****NET EXPENDITURE ACCOUNT**

For the year ended 31 March 2010	Note	Year ended 31 March 2010		Year ended 31 March 2009	
		QCA £'000	Group £'000	QCA £'000	Group £'000
<b>Expenditure</b>					
Staff costs	3a	(53,263)	(53,263)	(47,469)	(47,469)
Depreciation and amortisation	11&12	(2,826)	(2,826)	(1,943)	(1,943)
Programme expenditure	4	(97,351)	(97,351)	(104,332)	(104,332)
Other expenditure	6	(29,156)	(31,447)	(23,445)	(25,696)
Relocation and redundancy costs		(7,941)	(7,941)	(2,710)	(2,710)
		<u>(190,537)</u>	<u>(192,828)</u>	<u>(179,899)</u>	<u>(182,150)</u>
Grant income	7	465	465	436	436
Other income	8	2,004	6,493	12,352	14,593
Programme Expenditure refund	9	-	-	19,500	19,500
		<u>2,469</u>	<u>6,958</u>	<u>32,288</u>	<u>34,529</u>
Net expenditure		(188,068)	(185,870)	(147,611)	(147,621)
Add cost of capital	1k	1,862	1,833	1,404	1,403
Interest receivable		37	37	397	407
		<u>(186,169)</u>	<u>(184,000)</u>	<u>(145,810)</u>	<u>(145,811)</u>
<b>Net expenditure after cost of capital charge and interest</b>					
Deduct cost of capital		(1,862)	(1,833)	(1,404)	(1,403)
		<u>(188,031)</u>	<u>(185,833)</u>	<u>(147,214)</u>	<u>(147,214)</u>
<b>Net expenditure for the financial year before tax</b>					
Taxation	10	-	(615)	-	-
		<u>(188,031)</u>	<u>(186,448)</u>	<u>(147,214)</u>	<u>(147,214)</u>
<b>Net expenditure for the financial year after tax</b>					

All of the above results derive from continuing operations.

The notes on pages 35 to 55 form part of these accounts.

## QCA GROUP &amp; THE QUALIFICATIONS AND CURRICULUM AUTHORITY

## STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Note	Year ended 31 March 2010		Year ended 31 March 2009	
		QCA £'000	Group £'000	QCA £'000	Group £'000
<b>Non-current assets</b>					
Property, plant and equipment	11	6,191	6,191	1,664	1,664
Intangible assets	12	6,852	6,852	7,455	7,455
<b>Total non-current assets</b>		<u>13,043</u>	<u>13,043</u>	<u>9,119</u>	<u>9,119</u>
<b>Current assets</b>					
Inventories		-	214	-	140
Trade and other receivables	14	1,953	3,903	3,062	3,360
Cash and cash equivalents	15	764	1,961	1,685	2,077
<b>Total current assets</b>		<u>2,717</u>	<u>6,078</u>	<u>4,747</u>	<u>5,577</u>
<b>Total assets</b>		<u>15,760</u>	<u>19,121</u>	<u>13,866</u>	<u>14,696</u>
<b>Current liabilities</b>					
Trade and other payables	16	(38,514)	(39,647)	(29,444)	(30,244)
Corporation tax		-	(615)	-	-
<b>Total current liabilities</b>		<u>(38,514)</u>	<u>(40,262)</u>	<u>(29,444)</u>	<u>(30,244)</u>
<b>Non-current assets less net current liabilities</b>		<u>(22,754)</u>	<u>(21,141)</u>	<u>(15,578)</u>	<u>(15,548)</u>
<b>Non-current liabilities</b>					
Provisions	17	(33,117)	(33,117)	(32,795)	(32,795)
<b>Total non-current liabilities</b>		<u>(33,117)</u>	<u>(33,117)</u>	<u>(32,795)</u>	<u>(32,795)</u>
<b>Assets less liabilities</b>		<u>(55,871)</u>	<u>(54,258)</u>	<u>(48,373)</u>	<u>(48,343)</u>
<b>Reserves</b>					
National Occupational Standards' Development Reserve		46	46	275	275
General Reserves		(55,917)	(54,304)	(48,648)	(48,618)
		<u>(55,871)</u>	<u>(54,258)</u>	<u>(48,373)</u>	<u>(48,343)</u>

The notes on pages 35 to 55 form part of these accounts.

Lin Hinnigan  
Accounting Officer  
Qualifications and Curriculum Development Agency

18 June 2010

## QCA GROUP &amp; THE QUALIFICATIONS AND CURRICULUM AUTHORITY

## STATEMENT OF CASH FLOWS

For the year ended 31 March 2010	Note	Year ended 31 March 2010		Year ended 31 March 2009	
		QCA £'000	Group £'000	QCA £'000	Group £'000
<b>Cash flows from operating activities</b>					
Net expenditure after cost of capital and interest		(186,169)	(184,000)	(145,810)	(145,811)
Adjustments for cost of capital charge		(1,862)	(1,833)	(1,404)	(1,403)
Adjustments for depreciation and amortisation		2,826	2,826	1,943	1,943
Loss on sale of non current assets		75	75	-	-
Adjustment for revaluation		-	-	3	3
Decrease (increase) in trade and other receivables		1,109	(543)	804	1,556
(Increase) Decrease in inventories		-	(74)	-	142
Increase in trade payables		9,071	9,404	6,738	6,074
Use of provisions		323	323	217	217
<b>Net cash outflow from operating activities</b>		<u>(174,627)</u>	<u>(173,822)</u>	<u>(137,509)</u>	<u>(137,279)</u>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	11	(6,390)	(6,390)	(395)	(395)
Purchase of intangible assets	12	479	479	(4,459)	(4,459)
Proceeds of disposal of property, plant and equipment		-	-	-	-
<b>Net cash outflow from investing activities</b>		<u>(5,911)</u>	<u>(5,911)</u>	<u>(4,854)</u>	<u>(4,854)</u>
<b>Cash flows from financing activities</b>					
Grants from parent department		179,886	179,886	143,890	143,890
Cash transfer to UKCES		(269)	(269)	(15,778)	(15,778)
<b>Net financing</b>		<u>179,617</u>	<u>179,617</u>	<u>128,112</u>	<u>128,112</u>
<b>Net decrease in cash and cash equivalents in the year</b>		<u>(921)</u>	<u>(116)</u>	<u>(14,251)</u>	<u>(14,021)</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>1,685</u>	<u>2,077</u>	<u>15,936</u>	<u>16,098</u>
<b>Cash and cash equivalents at the end of the year</b>		<u>764</u>	<u>1,961</u>	<u>1,685</u>	<u>2,077</u>

The notes on pages 35 to 55 form part of these accounts.

The only difference between the Statement of Cash Flows prepared in accordance with IFRS based reporting and the Cashflow Statement reported in the Annual Report and Accounts 2008-09 are differences in presentation. For this reason comparative figures as at 1 April 2008 have not been presented.

## QCA GROUP &amp; THE QUALIFICATIONS AND CURRICULUM AUTHORITY

## STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2010

	General Reserve		National Occupational Standards' Development Reserves	Total Reserves
	QCA £'000	Group £'000	QCA £'000	QCA & Group £'000
<b>Balance at 31 March 2008</b>	(44,475)	(44,445)	15,204	(29,241)
Changes in accounting policy	-	-	-	-
<b>Restated balances at 1 April 2008</b>	<b>(44,475)</b>	<b>(44,445)</b>	<b>15,204</b>	<b>(29,241)</b>
<b>Changes in reserves 2008-09</b>				
Net expenditure for the financial year	(148,063)	(148,063)	849	(147,214)
Grant-in-aid from Parent - Capital	4,854	4,854	-	4,854
- Revenue	139,036	139,036	-	139,036
Cash transferred to UKCES	-	-	(15,778)	(15,778)
<b>Balance at 31 March 2009</b>	<b>(48,648)</b>	<b>(48,618)</b>	<b>275</b>	<b>(48,343)</b>
<b>Changes in reserves 2009-10</b>				
Net gain on revaluation of property, plant and equipment	13	13	-	13
Net gain on revaluation of intangible assets	903	903	-	903
Net expenditure for the financial year	(188,071)	(186,488)	40	(186,448)
Grant-in-aid from Parent - Capital	7,207	7,207	-	7,207
- Revenue	172,679	172,679	-	172,679
Cash transferred to UKCES	-	-	(269)	(269)
<b>Balance at 31 March 2010</b>	<b>(55,917)</b>	<b>(54,304)</b>	<b>46</b>	<b>(54,258)</b>

**National Occupational Standards Development Levy**

A Statutory Instrument was laid before Parliament on 8<sup>th</sup> April 2008 to abolish the National Vocational Qualifications (NVQ) levy. QCA was required to transfer responsibility for National Occupational Standards Development to the UK Commission for Employment and Skills (UKCES) as at 30<sup>th</sup> September 2008.

QCA was also required by a ministerial direction to transfer residual NVQ levy income to the UKCES on 30<sup>th</sup> September 2008 and to make arrangements for the collection of outstanding NVQ levy payments and their transfer to the UKCES for such use.

On the transfer date QCA transferred £11,849,463 to UKCES and a further £4,198,328 has been transferred between 30<sup>th</sup> September and 31<sup>st</sup> March 2010 as QCA continues to collect outstanding NVQ levy receipts from Awarding bodies based on NVQ certificates issued up to and including 29<sup>th</sup> September 2008.

The notes on pages 35 to 55 form part of these accounts.

## THE QUALIFICATIONS AND CURRICULUM AUTHORITY

### NOTES TO THE ACCOUNTS

#### 1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2009-10 *Government Financial Reporting Manual (FReM)* issued by the Secretary of State for Children, Schools and Families and in accordance with the Accounts Direction issued by the Secretary of State for Children, Schools and Families on 1 October 2008. The accounting policies contained in the FReM apply international Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Qualifications and Curriculum Authority for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Qualifications and Curriculum Authority are described below. They have been applied consistently in dealing with items that are considered to be material to the accounts.

##### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

##### a) Subsidiary undertaking

QCA (Enterprises) Limited is a wholly owned subsidiary of QCA. Its principal activity is the sale of QCA publications and products. The consolidated accounts include the operating results of QCA (Enterprises) Ltd, on an acquisition accounting basis.

##### b) Income

##### Grant-in-Aid from the Department for Children, Schools and Families

All Grant-in-Aid (GIA) from the Department for Children, Schools and Families has been treated as financing as it is a contribution from a controlling party used to finance activities and expenditure which support the statutory and other objectives of QCA. It is recorded as financing in the cash flow statement and credited to General Reserves.

##### Grant Income

Grant Income is received from the Department of Employment and Learning (Northern Ireland) for funding the QCA office located in Northern Ireland. Grant for current activities is credited to the Net Expenditure account in the year of receipt.

##### Other income

All other income is accounted for on an accruals basis. The turnover of QCA (Enterprises) Limited is stated net of value added tax and trade discounts.

##### c) Expenditure

Expenditure is accounted for in the period to which it relates. Expenditure is stated net of recoverable VAT. Where VAT is irrecoverable expenditure is stated gross.

##### d) NVQ certification income

Until 29<sup>th</sup> September 2008 QCA received income from awarding bodies in respect of the certification of NVQs. Information on the number of certificates awarded was received, and assurance was taken, in the following quarter to which it related. Levy income raised under S36 (3) of the Education Act 1997 was spent on developing national occupational standards and has been disclosed separately in the accounts.

A Statutory Instrument was laid before Parliament on 8<sup>th</sup> April 2008 to abolish the levy. Responsibility for National Occupational Standards was transferred from QCA to the UK Commission for Employment and Skills (UKCES) with effect from 30<sup>th</sup> September 2008.

## **e) Non-current assets**

### **(i) Property, plant and equipment**

Expenditure on the acquisition of property, plant and equipment is capitalised at cost where the cost for an individual asset is in excess of £1,000. Certain items whose collective cost exceeded the capitalisation threshold (£1,000) have been included in the property, plant and equipment register as grouped assets.

Property, plant and equipment are carried at fair value and depreciated historic cost is used as a proxy for current value for all classes of assets listed below on the basis that the assets have short useful lives and low values. Assets are revalued annually using relevant indices provided by the Office for National Statistics. Where an asset's value is increased as a result of revaluation, the increase is credited to General Reserves. Where an asset is impaired as a result of downward revaluation the charge is taken to the Net Expenditure account.

Depreciation is provided on a straight-line basis so as to write off the cost over their useful economic lives. These have been estimated as follows:

Leasehold Fixtures & Fittings	length of lease
Refurbishment	length of lease
Furniture	7 years
Office equipment	4 years
Motor vehicles	4 years
Information technology	3 years

A full year's depreciation charge is provided for in the year of acquisition and none in the year of disposal for all assets.

### **(ii) Intangible assets**

Intangible assets comprise Development Expenditure of the Diploma Aggregation Service that was generated internally and purchased software licences. Amortisation of Development Expenditure commenced upon completion of the project in September 2008 on a straight line basis over seven years. Software licences are amortised on a straight line basis over 3 years. Development Expenditure and Software licences are stated at modified historic cost less amortisation as a proxy to fair value and are revalued annually using indices on the same basis as property, plant and equipment.

Development Expenditure in Progress relates to the development costs incurred to date on the new regulatory IT system, RITS, under development with Ofqual to replace the legacy regulatory systems operated by QCA/QCDA.

A full year's amortisation charge is provided for in the year of acquisition and none in the year of disposal.

## **f) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first in first out (FIFO) basis. Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation.

An allowance is recorded for obsolescence.

## **g) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, call and current balances with banks, which are readily convertible to known amounts of cash and which are subject to insignificant risk changes. This definition is also used for Cash flow statements.

**h) Taxation**

QCA was an exempt charity until 31 March 2010 and had, under the Income and Corporation Taxes Act 1980, obtained exemption from taxes on surplus arising from its charitable objectives. QCA Enterprises Limited is subject to corporation taxes on profits that were not transferred under Deed of Covenant to QCA prior to 1 April 2010.

Taxation on the profit or loss for the year comprises current and deferred tax in respect of the wholly owned subsidiary, QCA (Enterprises) Limited. Taxation is recognised in the Net Expenditure account.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted as at the Statement of Financial Position date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that effect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future profits will be available against which the temporary difference can be utilised.

**i) Value Added Tax**

QCA and QCA (Enterprises) Ltd are registered as a group for the purposes of Value Added Tax, registration no. 706 7645 21.

**j) Provisions**

Provisions are recognised where a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can reasonably be expected. Provisions are recorded for the estimated ultimate liability that is expected to arise, taking into account the time value of money. A contingent liability is disclosed where the existence of the obligations will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable certainty.

**k) Notional costs**

The notional cost of capital is designed to show the opportunity cost of funding the net assets needed to provide a particular service. It is a non-cash charge shown on the Net Expenditure account. QCA is in the position of having a credit charge on the Net Expenditure account. This is because instead of showing overall net assets on its Statement of Financial Position QCA has overall net liabilities due to its provisions and liabilities for Relocation and Rent as detailed in note 17 to the accounts.

Cost of capital is charged to the Net Expenditure Account at the prescribed rate of the capital employed and credited back to the retained surplus at the end of the period at the rate of 3.5% (2008-09: 3.5%). Capital employed comprises the average of total assets less current liabilities at the beginning and the end of the financial year, excluding non-interest bearing bank balances with the Office of the Paymaster General and the Bank of England.

**l) Foreign currency transactions**

QCA has dealings in Euros, and holds a Euro account to hedge against significant fluctuations in exchange rates. Transactions denominated in foreign currencies are translated into their sterling equivalent at the rate ruling on the transaction date. At the Statement of Financial Position date, monetary assets and liabilities denominated in a foreign currency are translated by using the rate of exchange ruling at that date.

**m) Liquid resources**

IAS 32 (Financial Instruments and Derivatives) requires organisations to disclose information on the possible impact of financial instruments on its risk profile, and how these risks might affect the organisation's performance and financial condition. As an NDPB funded by the Department and BIS, QCA can confirm that it is not exposed to any liquidity or interest rate risks.

**n) Going concern**

As outlined in more detail in note 28 to the accounts, on page 54, the remit and funding for QCDA remain in place for 2010-11 to cover those activities that will be continuing. Therefore, despite the Statement of Financial position of net liabilities, after excluding the restricted funds for national occupational standards, QCA/QCDA operates as a going concern.

**o) IFRSs issued but not yet effective**

In line with the requirements of IAS 8, QCA has identified the following IFRSs issued which may have an impact on the accounts but have not been applied as they are not yet effective.

IFRS 9 Financial Instruments

The classification of financial assets under IFRS 9 will be on the basis of the entity's business model for the management, and contractual cash flow characteristics. The effective date is 1 January 2013. The impact of application is uncertain as additional instalments covering financial liabilities and impairment methodology have not yet been published.

IAS 24 Related Party Disclosures

The revised IAS 24 simplifies and clarifies the definition of a related party and there is partial exemption from disclosure of transactions and outstanding balances. The effective date is 1 January 2011. QCDA intends to apply the revised IAS 24 in the financial year to 31 March 2012 but the impact is not likely to be significant. Some transactions and outstanding balances may become exempt from disclosure.

IAS 7 Statement of Cash Flows

In the revised IAS 7, only expenditure that results in the recognition of an asset (rather than simply to generate future income and cash flows) should be classified as a cash flow from investing activities. The effective date is 1 January 2010 and QCDA intends to apply the revised IAS 7 in the financial year ending 31 March 2011. The impact is not expected to be significant. In the financial year ending 31 March 2010 the cash flows from investing activities relates entirely to the recognition of tangible and intangible assets.

IAS 17 Leases

The revised IAS 17 requires leases including both land and buildings to be separately assessed, with the land treated as a finance lease, even if title is not expected to pass to the lessee. Unexpired leases should be reassessed and accounted for retrospectively. The effective date is 1 January 2010. Whilst QCDA intends to apply the revised IAS 17 in the financial year ending 31 March 2011, it is not expected to have a significant impact on the accounts.

**2. FIRST TIME ADOPTION OF IFRS**

The financial year ended 31 March 2010 is the first year that QCA is presenting its financial statements under IFRS as modified by the Accounts Direction. The last consolidated financial statements presented under UK GAAP were for the year ended 31 March 2009. As IFRS requires comparative figures for the year ended 31 March 2009, the date of transition was 1 April 2008.

There have been no changes to Net Expenditure Account, Statement of Financial Position or Reserves as a result of the change from reporting under UK GAAP to the adoption of IFRS reporting, although there are minor changes of format and terminology. For this reason we have not presented an opening Statement of Financial Position as at 1<sup>st</sup> April 2008 within this Annual Report and Accounts.



### 3. STAFF NUMBERS AND RELATED COSTS

#### 3a) Staff costs comprise

	QCA & Group Year ended 31 March 2010	QCA & Group Year ended 31 March 2009
	Total £'000	Total £'000
Wages and salaries	32,220	27,462
Social security costs	3,039	2,527
Pension costs	5,822	5,076
Agency/contract staff and secondment costs	12,182	12,404
Total net costs	<u>53,263</u>	<u>47,469</u>

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. QCA is unable to identify its share of the underlying assets and liabilities. The scheme's Actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2009-10, employers' contributions of £5,748,473 were payable to the PCSPS (2008-09 £5,019,603) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (the rates in 2008-09 were between 17.1% and 25.5%). The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. From 2010-11, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2009-10 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions of £73,320 (2008-09 £59,604), were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £540 (2008-09 £4,200), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the statement of financial position date were £4,796 (2008-09 £nil). Contributions prepaid at that date were £nil (2008-09 £nil).

#### 3b) Average number of persons employed

	Staff No.	Senior Staff No.	Agency No.	QCA & Group Year ended 31 March 2010 Total No.	QCA & Group Year ended 31 March 2009 Total No.
Communications & Marketing	48	1	21	70	76
Curriculum	77	1	4	82	81
Tests and Examinations Support	137	1	27	165	149
Qualifications & Skills	140	1	39	180	142
Ofqual	147	1	16	164	124
Strategic Resource Management & Corporate	126	3	44	173	151
	<u>675</u>	<u>8</u>	<u>151</u>	<u>834</u>	<u>723</u>

QCA (Enterprises) Ltd had no employees during the period.

#### 4. ANALYSIS OF COSTS BY PROGRAMME

QCA's business plan for the year to 31 March 2010 was the basis for the Chief Executive's Performance Agreement, which was divided into Key Result Areas (KRAs) as follows:

	Year ended 31 March 2010 QCA £'000	Year ended 31 March 2009 QCA £'000
<b>KRA 1:</b> Provide a modern, world-class curriculum that will inspire and challenge all learners and prepare them for the future; and to support that curriculum with methods of evaluation and assessment which promote learning and report achievement in learning at individual, institutional and national level	6,061	6,944
<b>KRA 2:</b> Establish an integrated system of qualifications that will meet the needs of learners, employers and higher education and contribute to a successful society and economy, by better harnessing experience and minimising administrative burden	16,833	19,313
<b>KRA 3:</b> Enable and safely deliver innovative assessments in schools and colleges, improving the learner experience and minimising administrative burden	60,091	67,818
<b>KRA 4:</b> Regulate awarding bodies, qualifications, examinations and National Curriculum assessments effectively to ensure that the qualifications market is fit for purpose, that qualifications are fair, that standards are secure, that public confidence is sustained and that QCA acts as the public champion of the learner	4,759	3,165
<b>KRA 5:</b> Develop the QCA brand: expand public understanding of the role and work of QCA, and maintain and promote our reputation among the various stakeholders (principally learners, parents, the education community, industry and employers and Government)	832	339
<b>KRA 6:</b> Develop internal processes that enable exemplary performance through the work, expertise and commitment of QCA's people	8,775	6,753
<b>Total QCA Programmes</b>	<u>97,351</u>	<u>104,332</u>

Included in the above charges are consultancy fees totaling £22,488,000 (2008-09: £16,996,000).

## 5. ANALYSIS OF NET EXPENDITURE BY SEGMENT

QCA has adopted IFRS 8 Operating Segment as revised in April 2009. This constitutes an early adoption as the effective date of the revision to IFRS 8 is 1 January 2010. The amendment clarifies that segmental information for total assets is required only if such amounts are regularly reported to the chief operating decision maker.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate the resources to the segment and to assess its performance.

QCA reports segmental information based on the principal Key Result Areas, (KRAs). The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1.

The following table presents gross expenditure, income and net expenditure regarding the Group's operating segments for the year ended 31 March 2010 based on management information produced in accordance with UK GAAP.

All activities are undertaken in the UK.

	<b>Gross Expenditure £'000</b>	<b>Income £'000</b>	<b>Net Expenditure £'000</b>
Curriculum	11,763	656	11,107
Qualifications and Skills	30,089	50	30,039
Tests and Examinations	73,773	71	73,702
Ofqual	18,360	131	18,229
Communications and Marketing	4,016	-	4,016
Strategic Resource Management	55,126	817	54,309
Corporate	2,580	-	2,580
National Occupational Standards	-	40	(40)
QCA (Enterprises) Limited	3,032	5,230	(2,198)
Less: Capital expenditure	(5,911)	-	(5,911)
	<b><u>192,828</u></b>	<b><u>6,995</u></b>	<b><u>185,833</u></b>

Interest receivable in the amount of £52 is included within National Occupational Standards income. Depreciation amounting to £1,800,000 and amortisation of £1,026,000 is included within Strategic Resource Management gross expenditure.

**6. OTHER EXPENDITURE**

	Year ended		Year ended	
	31 March 2010		31 March 2009	
	QCA	Group	QCA	Group
	£'000	£'000	£'000	£'000
Running Costs	13,263	13,263	8,987	8,987
Rentals under operating leases	7,613	7,613	6,467	6,467
Professional services and training	3,368	3,392	4,254	4,281
Travel and subsistence	2,706	2,706	2,162	2,162
Other accommodation costs	1,885	1,885	1,403	1,403
Other charges	112	2,362	77	2,284
External audit fees	46	63	45	62
Authority expenses	10	10	4	4
Non-cash items	-	-	-	-
Loss/(Profit) on disposal of property, plant and equipment	75	75	(1)	(1)
Diminution in value of property, plant and equipment	-	-	3	3
Loss/(Gain) on foreign currency	3	3	(21)	(21)
Unwinding of discount on provisions & pensions	75	75	65	65
	<u>29,156</u>	<u>31,447</u>	<u>23,445</u>	<u>25,696</u>

External audit fees, amounting to £48,000 include £4,000 in respect of audit work undertaken for the implementation of IFRS reporting in 2009/10. Differences between the actual fees for the year and the amount shown in the above note are due to accruals adjustments. The year on year increase in running costs relates to relocation. The external auditors of QCA (Enterprises) Limited received £1,763 for taxation services. (2008-09: £900). Professional services and training includes legal costs of £1,933,935 (2008-09: £2,809,778).

**7. GRANT INCOME**

Grant income was received from the Department for Employment and Learning (Northern Ireland) of £464,657 (2008-09: £435,921) for funding the QCA office located in Northern Ireland. Note 26 provides details of the expenditure of the QCA Northern Ireland Office.

**8. OTHER INCOME**

	Year ended		Year ended	
	31 March 2010		31 March 2009	
	QCA	Group	QCA	Group
	£'000	£'000	£'000	£'000
NVQ/SVQ certification income	41	41	5,953	5,953
Qualifications, Curriculum and Assessment Authority for Wales	100	100	187	187
Northern Ireland Council for the Curriculum Examinations and Assessment	258	258	404	404
Contract Income	85	85	155	155
Other Income	994	779	2,422	2,211
Gross Income transferred from QCA(E) Limited under gift aid (3a)	-	-	2,711	-
Management and support services recharge to QCA(E) Limited	526	-	520	-
QCA(E) Limited gross turnover	-	5,230	-	5,683
	<u>2,004</u>	<u>6,493</u>	<u>12,352</u>	<u>14,593</u>

## a) Trading Activities

QCA (Enterprises) Ltd is a wholly owned trading subsidiary of QCA selling QCA publications and products. The company transferred £nil (2008-09: £2,711,203) under Deed of Covenant to QCA.

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Income (including interest receivable)	5,231	5,693
Costs	(3,033)	(2,982)
<b>Surplus before taxation</b>	<b>2,198</b>	<b>2,711</b>
Taxation	(615)	-
<b>Surplus after taxation</b>	<b>1,583</b>	<b>2,711</b>

This analysis conforms to HM Treasury's Fees and Charges Guide and is not intended to comply with IFRS 8 Segment Reporting.

QCA (Enterprises) Ltd acts as a trading vehicle for QCA and during the year continued to sell educational materials, and to license the use of intellectual property arising from QCA activities. The surplus for the year exceeded the target established within the annual operating plan.

## 9. PROGRAMME EXPENDITURE REFUND

As disclosed in the 2008-09 Annual Report and Accounts, following the late delivery of the national curriculum tests at Key Stages 2 and 3, QCA and ETS responsible for the delivery of the tests, agreed to dissolve their five-year contract for national curriculum tests operations with immediate effect. The agreement to end the contract early was made by both parties and there was no payments made by QCA to ETS Europe for any remaining years of the contract. Financial details of the termination meant that ETS Europe made a payment to QCA of £19.5 million, along with the cancellation of other invoices and charges of approximately £4.6 million. ETS had been originally selected due to the strength of their worldwide experience in delivering large scale assessments, and it was disappointing that the issues with the 2008 national curriculum test results meant that the partnership between QCA and ETS Europe had to end early.

## 10. TAXATION

	Year ended 31 March 2010		Year ended 31 March 2009	
	QCA £'000	Group £'000	QCA £'000	Group £'000
<b>Reconciliation of effective tax rate</b>				
Trading Profit for the year subject to tax	-	2,198	-	2,711
Total Tax expense	<u>-</u>	<u>615</u>	<u>-</u>	<u>-</u>
<b>Recognised in the Net Expenditure Account</b>				
Current tax expense				
Current year	-	615	-	-
Deferred tax expense	-	-	-	-
	<u>-</u>	<u>615</u>	<u>-</u>	<u>-</u>

Tax using the UK Corporation Tax rate of 28%.

**11. PROPERTY, PLANT AND EQUIPMENT**

	<b>Furniture &amp; Fittings</b>	<b>Refurbish- ment</b>	<b>Information Technology</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>				
As at 1 April 2009	1,672	4,882	2,184	<b>8,738</b>
Additions	3,824	-	2,566	<b>6,390</b>
Disposals	(32)	(128)	(83)	<b>(243)</b>
Revaluations	-	-	37	<b>37</b>
As at 31 March 2010	<u>5,464</u>	<u>4,754</u>	<u>4,704</u>	<u><b>14,922</b></u>
<b>Depreciation</b>				
As at 1 April 2009	(1,599)	(3,600)	(1,875)	<b>(7,074)</b>
Charged in year	(346)	(408)	(1,046)	<b>(1,800)</b>
Disposals	29	87	52	<b>168</b>
Revaluation	-	-	(25)	<b>(25)</b>
As at 31 March 2010	<u>(1,916)</u>	<u>(3,921)</u>	<u>(2,894)</u>	<u><b>(8,731)</b></u>
<b>Net book value</b>				
As at 31 March 2010	<u>3,548</u>	<u>833</u>	<u>1,810</u>	<u><b>6,191</b></u>
As at 31 March 2009	<u>73</u>	<u>1,282</u>	<u>309</u>	<u><b>1,664</b></u>
<b>Asset financing:</b>				
Owned	<u>3,548</u>	<u>833</u>	<u>1,810</u>	<u><b>6,191</b></u>
<b>Net book value at 31 March 2010</b>	<u><b>3,548</b></u>	<u><b>833</b></u>	<u><b>1,810</b></u>	<u><b>6,191</b></u>

QCA (Enterprises) Limited held no non-current assets during the year.

**11. PROPERTY, PLANT AND EQUIPMENT (CONT.D)**

	<b>Furniture &amp; Fittings</b>	<b>Refurbish- ment</b>	<b>Information Technology</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>				
As at 1 April 2008	1,813	4,830	3,363	<b>10,006</b>
Additions	36	52	307	<b>395</b>
Disposals	(177)	-	(1,477)	<b>(1,654)</b>
Revaluations	-	-	(9)	<b>(9)</b>
As at 31 March 2009	<u>1,672</u>	<u>4,882</u>	<u>2,184</u>	<u><b>8,738</b></u>
<b>Depreciation</b>				
As at 1 April 2008	(1,743)	(3,177)	(3,115)	<b>(8,035)</b>
Charged in year	(33)	(423)	(243)	<b>(699)</b>
Disposals	177	-	1,477	<b>1,654</b>
Revaluation	-	-	6	<b>6</b>
As at 31 March 2009	<u>(1,599)</u>	<u>(3,600)</u>	<u>(1,875)</u>	<u><b>(7,074)</b></u>
<b>Net book value</b>				
As at 31 March 2009	<u>73</u>	<u>1,282</u>	<u>309</u>	<u><b>1,664</b></u>
As at 31 March 2008	<u>70</u>	<u>1,653</u>	<u>248</u>	<u><b>1,971</b></u>
<b>Asset financing:</b>				
Owned	<u>73</u>	<u>1,282</u>	<u>309</u>	<u><b>1,664</b></u>
<b>Net book value at 31 March 2009</b>	<u><b>73</b></u>	<u><b>1,282</b></u>	<u><b>309</b></u>	<u><b>1,664</b></u>

**12. INTANGIBLE ASSETS**

	<b>Development Expenditure</b>	<b>Development Expenditure in Progress</b>	<b>Software Licences</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>				
At 1 April 2009	8,697	-	465	<b>9,162</b>
VAT adjustment	(1,296)	-	-	<b>(1,296)</b>
Additions	-	807	10	<b>817</b>
Disposals	-	-	-	-
Revaluations	1,053	-	-	<b>1,053</b>
<b>At 31 March 2010</b>	<u>8,454</u>	<u>807</u>	<u>475</u>	<u><b>9,736</b></u>
<b>Amortisation</b>				
At 1 April 2009	(1,242)	-	(465)	<b>(1,707)</b>
VAT adjustment	185	-	-	<b>185</b>
Charge in year	(1,208)	-	(3)	<b>(1,211)</b>
Disposals	-	-	-	-
Revaluations	(151)	-	-	<b>(151)</b>
<b>At 31 March 2010</b>	<u>(2,416)</u>	<u>-</u>	<u>(468)</u>	<u><b>(2,884)</b></u>
<b>Net book value at 31 March 2010</b>	<u>6,038</u>	<u>807</u>	<u>7</u>	<u><b>6,852</b></u>

The VAT adjustment relates to input VAT recovered during the year in respect of the development costs of the Diploma Aggregation System (DAS) incurred prior to 31 March 2010, as detailed in note 27 to the accounts. The opening amortisation has been recalculated, based on the revised opening cost.

<b>Cost or valuation</b>				
At 1 April 2008	4,238	-	494	<b>4,732</b>
Additions	4,459	-	-	<b>4,459</b>
Disposals	-	-	(29)	<b>(29)</b>
<b>At 31 March 2009</b>	<u>8,697</u>	<u>-</u>	<u>465</u>	<u><b>9,162</b></u>
<b>Amortisation</b>				
At 1 April 2008	-	-	(492)	<b>(492)</b>
Charge in year	(1,242)	-	(2)	<b>(1,244)</b>
Disposals	-	-	29	<b>29</b>
<b>At 31 March 2009</b>	<u>(1,242)</u>	<u>-</u>	<u>(465)</u>	<u><b>(1,707)</b></u>
<b>Net book value at 31 March 2009</b>	<u>7,455</u>	<u>-</u>	<u>-</u>	<u><b>7,455</b></u>

**13. FINANCIAL INSTRUMENTS**

As the cash requirements of QCA are almost wholly funded through Grant-in-Aid provided by the Department, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with QCA's expected purchase and usage requirements and the organisation is therefore exposed to little credit, liquidity or market risk.



**14. TRADE RECEIVABLES AND OTHER CURRENT ASSETS**

	Year ended 31 March 2010		Year ended 31 March 2009	
	QCA	Group	QCA	Group
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year</b>				
Trade receivables	444	2,015	449	2,176
Amount receivable from subsidiary undertaking	111	-	1,857	-
Other receivables	47	49	180	332
VAT	367	594	-	-
Prepayments and accrued income	984	1,245	576	852
<b>Total</b>	<u>1,953</u>	<u>3,903</u>	<u>3,062</u>	<u>3,360</u>

As at 31 March 2010, 3 (2008-09: 5) members of staff had loans outstanding in excess of £2,500. The total value of these loans was £8,472 (2008-09: £14,908).

No interest is charged on receivables. The carrying amount of trade and other receivables approximates their fair values.

Trade receivables include amounts provided for doubtful debts in respect of all transactions outstanding more than 90 days. Full provision is made for all such debts and amount to £87,410 for QCA and £135,086 for the Group (2008-09: £10,227 QCA and £61,149 Group).

As at 31 March 2010, 9 (2008-09: 18) balances were outstanding with other government bodies:

	Year ended 31 March 2010	Year ended 31 March 2009
	QCA & Group £'000	QCA & Group £'000
Other central government bodies	213	36
Local authorities	-	7
Balances with bodies external to the government	3,690	3,317
<b>Total</b>	<u>3,903</u>	<u>3,360</u>

**15. CASH AND CASH EQUIVALENTS**

	Year ended 31 March 2010		Year ended 31 March 2009	
	QCA £'000	Group £'000	QCA £'000	Group £'000
Balance at 1 April 2009	1,685	2,077	15,936	16,098
Net change in cash and cash equivalent balances	<u>(921)</u>	<u>(116)</u>	<u>(14,251)</u>	<u>(14,021)</u>
Balance at 31 March 2010	<u>764</u>	<u>1,961</u>	<u>1,685</u>	<u>2,077</u>

The following balances at 31 March were held at:

Office of Paymaster General and Government Banking Service	755	755	1,410	1,410
Commercial banks and cash in hand	8	1,205	1	393
National Occupational Standards Development	<u>1</u>	<u>1</u>	<u>274</u>	<u>274</u>
Balance at 31 March 2010	<u>764</u>	<u>1,961</u>	<u>1,685</u>	<u>2,077</u>

QCA has a separate bank account for national occupational standards development. A separate reserve is disclosed on page 34.

**16. TRADE PAYABLES AND OTHER LIABILITIES**

	Year ended 31 March 2010		Year ended 31 March 2009	
	QCA £'000	Group £'000	QCA £'000	Group £'000
<b>Amounts falling due within one year</b>				
VAT	-	-	240	240
Other taxation and social security	1,053	1,053	851	851
Trade payables	22,819	23,911	12,075	12,833
Other payables	-	41	-	42
Accruals and deferred income	10,245	10,245	15,238	15,238
Annual compensation payments	<u>594</u>	<u>594</u>	<u>394</u>	<u>394</u>
	<u>34,711</u>	<u>35,844</u>	<u>28,798</u>	<u>29,598</u>
<b>Amounts falling due after one year</b>				
Accruals and deferred income	2,667	2,667	-	-
Annual compensation payments	<u>1,136</u>	<u>1,136</u>	<u>646</u>	<u>646</u>
	<u>38,514</u>	<u>39,647</u>	<u>29,444</u>	<u>30,244</u>

Trade payables and other payables comprise of amounts outstanding for goods and services purchased and ongoing costs. The carrying amount of trade payables approximates their fair value.

Accruals and deferred income includes deferred income in the amount of £2,867,000 in respect of a contribution received from the landlord/developer of the property at Earlsdon Park for the internal fixtures and fittings. A total contribution of £3,000,000 was received and £133,000 was released to the Net Expenditure account in the current

year, as an offset against total rental costs. The remainder has been deferred and is being released over the 15 year period of the lease, with £2,667,000 being reflected as due after more than one year.

As at 31 March 2010, 60 (2008-09: 36) balances were outstanding with other government bodies:

	<b>Year ended 31-Mar-10 QCA &amp; Group £'000</b>	<b>Year ended 31-Mar-09 QCA &amp; Group £'000</b>
Other central government bodies	4,986	2,237
Local authorities	282	68
Balances with bodies external to the government	34,379	27,939
<b>Total</b>	<b>39,647</b>	<b>30,244</b>

## 17. PROVISIONS FOR LIABILITIES AND CHARGES

	<b>Relocation Programme - Redundancy £'000</b>	<b>Rent - 83 Piccadilly, London W1J £'000</b>	<b>Annual compensation payments £'000</b>	<b>Total £'000</b>
<b>QCA &amp; Group</b>				
Balance at 1 April 2009	15,346	17,449	-	32,795
Provided in the year	3,761	4,191	-	7,952
Provisions utilised in the year	(6,546)	(1,084)	-	(7,630)
Unwinding of discount	-	-	-	-
Balance at 31 March 2010	<b>12,561</b>	<b>20,556</b>	<b>-</b>	<b>33,117</b>
<b>QCA &amp; Group</b>				
Balance at 1 April 2008	15,482	15,699	1,397	32,578
Provided in the year	960	1,750	120	2,830
Provisions utilised in the year	(1,096)	-	(542)	(1,638)
Unwinding of discount	-	-	65	65
Transferred to creditors	-	-	(1,040)	(1,040)
Balance at 31 March 2009	<b>15,346</b>	<b>17,449</b>	<b>-</b>	<b>32,795</b>

**ANALYSIS OF EXPECTED TIMING OF DISCOUNTED FLOWS**

	<b>Relocation Programme - Redundancy £'000</b>	<b>Rent - 83 Piccadilly, London W1J £'000</b>	<b>Total £'000</b>
In the remainder of the Spending Review period (to 2011)	12,561	9,384	21,945
Between 2012-2016	-	11,172	11,172
Between 2017 and 2021	-	-	-
Thereafter	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2010	<u>12,561</u>	<u>20,556</u>	<u>33,117</u>

**Relocation Programme – Redundancy**

The provision for redundancy was created in 2006-07 following confirmation of the decision that QCA would relocate to Coventry during 2009-10. The QCA was specifically named as part of the Department for Education and Skills commitment to the Cabinet Office, in implementing the recommendations of the government's independent Review of Public Sector Relocation, led by Sir Michael Lyons, to relocating 800 jobs from London and the South-East by 2010. The QCA completed its commitments under the Lyons Review during February 2010, including a number of staff working in the new Coventry office on a 12 month trial basis. The provision has been updated to reflect current staff undertaking the trial or with agreed leaving dates on or after 31<sup>st</sup> March 2010, and their entitlements under the Civil Service Compensation Scheme as at 31<sup>st</sup> March 2010. This includes compensatory lump sums and amounts due in lieu of pension payments, and is based on current compulsory redundancy terms for service up to 30<sup>th</sup> September 2010. The movement in the provision during the financial years 2008-09 and 2009-10 has been disclosed separately in the net expenditure account.

**Rent – 83 Piccadilly, London W1J**

The provision for rent relating to the current QCA London office has been created following the programme to relocate the QCA to Coventry during 2010 [see Relocation Programme – Redundancy note for background details relating to the relocation programme]. The provision reflects the latest independent expert advice on the likely movement in the London property market and thus the probability of sub-letting 83 Piccadilly office space following QCA vacating the property, up to the end of the current contracted lease period on 31<sup>st</sup> December 2012. The provision is based on the QCA estimated rent liability for the 3-year period January 2010 to December 2012, plus essential pre-letting refurbishment costs, less up-to-date independent expert advice on potential rental income for the period. The independent expert advice reflects not only the potential market conditions that may apply at that time, but also the relatively short period available for sub-let. The movement in the provision during the financial years 2008-09 and 2009-10 has been disclosed separately in the net expenditure account.

**18. CAPITAL COMMITMENTS**

	<b>Year ended 31 March 2010 QCA &amp; Group £'000</b>	<b>Year ended 31 March 2009 QCA &amp; Group £'000</b>
Contracted capital commitments at 31 March 2010 not otherwise included in these financial statements		
Property, plant and equipment	1,145	141
Intangible assets	259	-
	<u>1,404</u>	<u>141</u>

**19. COMMITMENTS UNDER LEASES**

Total future minimum lease payments under operating leases are given in the table below for each of the following:-

	<b>Year ended 31 March 2010 QCA &amp; Group £'000</b>	<b>Year ended 31 March 2009 QCA &amp; Group £'000</b>
<b>Obligations under operating leases comprise:</b>		
Building		
Not later than one year	7,710	6,304
Later than one year and not later than five years	16,694	17,287
Later than five years	<u>13,284</u>	<u>-</u>
	37,688	23,591
Other		
Not later than one year	30	32
Later than one year and not later than five years	47	-
Later than five years	<u>-</u>	<u>-</u>
	<u>77</u>	<u>32</u>
	<u>37,765</u>	<u>23,623</u>

For the Piccadilly premises, annual rental of £6.286m per year is effective to 31 December 2012. Part of the Piccadilly premises is sub-let, giving an annual rental income of £173,924. For the premises at Coventry an annual rent of £1.423m per year is effective to 31 July 2024.

There are no commitments under finance leases.

## 20. OTHER FINANCIAL COMMITMENTS

QCA has entered into non-cancellable contracts (which are not leases or PFI contracts), for the provision of services to QCA. The payments to which QCA is committed during 2010-11, analysed by the period during which the commitments expire are as follows:

	Year ended 31 March 2010 QCA & Group £'000	Year ended 31 March 2009 QCA & Group £'000
Not later than one year	55,773	8,901
Later than one year and not later than five years	18,838	85,444
Later than five years	-	-
	74,611	94,345

## 21. CONTINGENT LIABILITIES

QCA has no contingent liabilities as at 31 March 2010 (2008-09 – 2 totalling £42,000).

## 22. RELATED PARTY TRANSACTIONS

The Department for Children, Schools and Families, (now the Department for Education), and the Department for Business, Innovation and Skills are regarded as related parties. Grant-in-Aid for current and capital purposes of £179.9m was received during the year.

During the year QCA had material transactions with the Department for Education, Lifelong Learning and Skills in Wales (DELLS), the Department for Employment and Learning in Northern Ireland (DEL), the Northern Ireland Council for the Curriculum Examinations and Assessment (CCEA) and the Principal Civil Service Pension Scheme (PCSPS).

The following payments were made for work awarded under QCA's normal contracting procedures:

Supplier Name	Total Transactions Value 2009/10 £	Balance Outstanding as 31 March 2010 £
RM Education plc	1,163,100	51,250
Assessment & Qualifications Alliance	796,699	-
Chartered Institute of Educational Assessors	399,242	88,142
Specialist Schools & Academics Trust	54,946	-
University of Manchester	33,952	-
Royal Society of Arts	18,800	-
NIACE	18,613	9,988
BookTrust	15,500	5,500
CfBT Education Trust	13,698	-
University of Coventry	111,047	3,722
Learning and Skills Council	5,000	-
Manchester Diocese Church of England	2,661	-
Institute of Education	753	-
Shenfield High School	600	-

Balances outstanding at 31<sup>st</sup> March 2010 have been paid subsequent to the year end.

Mike Beasley's partner is employed by RM Education plc. Andrew Hall accepted the position of Director General of Assessment and Qualifications Alliance in March 2010. Mick Walker is a trustee of CIEA and Kathleen Tattersall is a professional member. Elizabeth Reid is CEO of the Specialist Schools and Academic Trust and Nick Stuart is Chair. Kathleen Tattersall is a Board Member of the University of Manchester and Chair of its Audit Committee. David Sherlock is a professional member of the Royal Society of Arts. David Sherlock is President of NIACE, Nick Stuart is Chair of Trustees and Margaret Galliers is a member of the Board. Sue Horner is Chair of the Booktrust. Maurice Smith has contracts with CfBT Education Trust. Mike Beasley is a Governor of the University of Coventry and a member of the West Midlands Learning and Skills Council. Maggie Galliers is a member of the LSC. Maurice Smith is the Director of Education for the Manchester Diocese of the Church of England and his board member expenses are reimbursed to the Diocese. Nick Stuart is a member of the Institute of Education and David Watson is a professor at University of London Institute of Education. John Fairhurst is Head teacher at Shenfield High School.

None of the Board members, key managerial staff or other related parties has undertaken any material transactions with QCA during the year.

### 23. LATE PAYMENT OF COMMERCIAL DEBTS

There were 4 (2008-09: 0) instances of late payment penalties being incurred during the year totalling £249.

### 24. LOSSES AND SPECIAL PAYMENTS

There were 2 (2008-09: 2) instances of special payments being incurred during the year amounting to £10,350 (2008-09: £115,628). These were approved by the Department.

### 25. NATIONAL OCCUPATIONAL STANDARDS DEVELOPMENT

	Year ended 31 March 2010 QCA & Group £'000	Year ended 31 March 2009 QCA & Group £'000
Income		
Levy	41	5,953
Interest receivable	-	397
	41	6,350
Costs		
Professional services and training	-	(6)
Part of Key Result Area 2	-	(5,495)
Bank Charges	(1)	-
	(1)	(5,501)
<b>Surplus</b>	<b>40</b>	<b>849</b>

National occupational standards development monies are held in a separate bank account. See Note 15.

Levy income for the year is based on NVQ certificates issued up to and including 29<sup>th</sup> September 2008. A Statutory Instrument was laid before Parliament on 8<sup>th</sup> April 2008 to abolish the levy. QCA was required to transfer responsibility for National Occupational Standards Development to the UK Commission for Employment and Skills (UKCES) as at 30<sup>th</sup> September 2008.

QCA has continued to collect levy income due in respect of the period prior to 29 September 2008 and transfer surplus cash balances to UKCES.

## 26. DEPARTMENT FOR EMPLOYMENT & LEARNING EXPENDITURE BY QCA NORTHERN IRELAND OFFICE

	Year ended 31 March 2010 QCA & Group £'000	Year ended 31 March 2009 QCA & Group £'000
Grant Income	465	436
Salaries	(376)	(294)
Travel and subsistence	(27)	(21)
Office costs	(56)	(71)
Project costs	(67)	(59)
	<u>(526)</u>	<u>(445)</u>
	<u>(61)</u>	<u>(9)</u>

There have been no capital purchases from this grant during 2009/10 and 2008/09.

## 27. VAT REFUND

On 4 December 2009 QCA received confirmation from HM Customs & Revenue that a VAT ruling deemed the QCA Diploma Aggregation Service ("DAS") to be a standard rated taxable supply. QCA has therefore been able to recover all input VAT on DAS costs since its establishment in April 2006 and has to date received a refund from HM Revenue & Customs in the amount of £2,6,81,809, with further input VAT costs amounting to £398,081 to 31 March 2010 to be recovered. The total amount recoverable over the period from April 2006 to 31 March 2010 has been credited against the relevant expenditure categories in the 2009-10 financial statements. £1,295,073 of the recoverable amount relates to costs capitalised in respect of the DAS intangible asset and this has been adjusted against the cost of the asset, with depreciation charges in the year being revised accordingly, based on the reduced cost of the asset.

## 28. EVENTS AFTER THE REPORTING PERIOD

On 27 May 2010 Rt. Hon Michael Gove MP, the Secretary of State from the Department for Education, wrote to Christopher Trinick DL, Chair of QCDA, confirming that the Government propose to introduce legislation in the autumn of 2010 to abolish the QCDA. The remit and funding for QCDA remain in place for 2010-11 to cover those activities that will be continuing and to manage the transition of non-continuing activities and, for the time being, maintain non-continuing statutory activities until new legislation is in place.

In light of this event the management have reviewed the appropriateness of the preparation of the financial statements on a 'going concern' basis.

Management note that legislation is required to be passed before QCDA can be abolished and statutory responsibilities ceased or transferred. Any such legislation, if passed, is unlikely to receive royal assent before July 2011. Management also note that given the short period since the announcement, they do not yet have clarity on the nature or timing of any non-statutory activities that may be ceased or transferred, and that such clarity will emerge over the coming months leading up to the publication of a White Paper. In the interim period management are satisfied that sufficient funding is in place to enable QCDA to continue trading and meet its obligations as they fall due.

Given the announced intentions of the Government and the lack of clarity regarding the implications of the abolition of the QCDA management have concluded that there exists a material uncertainty that casts significant



doubt upon QCDA's ability to continue as a going concern. In such circumstances QCDA may be unable to continue realising its assets and discharging its liabilities in the normal course of business. Nevertheless after making enquiries, and considering the circumstances described above, together with the outcome of their discussions with the Department for Education, management have a reasonable expectation that QCDA will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The accounts do not include the adjustments which would result if QCDA were unable to continue as a going concern.

The financial statements were authorised for issue on 24 June 2010 by Lin Hinnigan (Accounting Officer).



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