



Qualifications and
Curriculum Authority

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Annual Report and Accounts 2008–09

Financial statements of the Qualifications and Curriculum Authority and the Group for the year ended 31 March 2009, together with the Certificate and Report of the Comptroller and Auditor General thereon.

Presented 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 remit of QCA is detailed in sections 22–26 of the Education Act 1997 and is summarised below.

The role of QCA is 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 are 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 are 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.

The QCA Group comprises six operating groups and a wholly owned subsidiary company, QCA (Enterprises) Limited, the main function of which is to generate income from sales of QCA publications and products. The results for the QCA Group are consolidated in accordance with Financial Reporting Standard 2.

QCA is 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 receives further income from the Department for Children, Education, Lifelong Learning and Skills (DCELLS) in Wales. All the profits of QCA (Enterprises) Limited are paid to QCA under gift aid. QCA is a charity by exemption and the accounts are prepared in accordance with the accounts direction issued by the Secretary of State for Children, Schools and Families. The accounts are therefore prepared in accordance with the Government Financial Reporting Manual (FRm) rather than the Charities SORP.

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). These new arrangements will be established under legislation that received its first reading in the House of Commons in February 2009.

Ofqual will continue to operate as part of the Qualifications and Curriculum Authority as an interim independent regulator until the legislation to establish it is passed. After this the regulator will be accountable to Parliament.

Results for the QCA Group

Net expenditure for the year amounted to £147.2 million. Grant-in-Aid received in the year amounted to £143.9 million. The excess net expenditure over Grant-in-Aid received arises from timing of provisions in the financial year, see note 11 to the accounts on page 44, 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 £2.7 million. This amount is payable to QCA under gift aid at the year-end.

The balance sheet at 31 March 2009 shows net liabilities of £48.4 million. This includes restricted funds of £0.3 million for national occupational standards and thereby results in other net liabilities of £48.7 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 from the QCA's sponsoring Department, DCSF. 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 2009-10, taking into account the amounts required to meet the QCA's liabilities falling due in that year, has already been included in the Department's estimates for that year, which have been approved by Parliament, and there is no reason to believe that the Department's future sponsorship and future parliamentary approval will not be forthcoming. 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 are 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 is kept under review by the Nominations Committee; one of its principal functions is to plan for the succession of the membership of QCA's Board.

QCA Board	Period of office at QCA	Committee member
Chairman Sir Anthony Greener	23 October 2002 to 31 October 2008	Nominations (Chair) (to October 2008) Remuneration (to October 2008)
Chairman Mr Christopher Trinick	1 November 2008 to 31 October 2011	Nominations (Chair) (from November 2008) Remuneration (from November 2008)
Deputy Chairman Mr Richard Greenhalgh	1 October 2003 to 30 September 2008	Nominations (to September 2008) Remuneration (Chair) (to September 2008)
Deputy Chairman (from December 2008) Mr Mike Beasley	1 October 2003 to 30 September 2009	Remuneration (Chair) (from November 2008)
Professor Michael Arthur	1 December 2007 to 30 November 2010	
Dr Ken Boston	18 September 2002 to 31 March 2009	
Ms Rose Collinson	1 February 2009 to 31 January 2012	
Mr Scott Dobbie	1 February 2009 to 31 January 2012	Audit (from March 2009)
Mr Ian S Ferguson	1 October 2003 to 30 September 2008	Audit (to September 2008)
Ms Maggie Galliers	1 December 2007 to 30 November 2010	Ofqual
Ms Cynthia Hall	1 June 2007 to 31 May 2010	
Mrs Susan Kirkham	1 October 2003 to 30 September 2009	
Mr Jim Rose	1 October 2003 to 30 September 2008	
Mr David Sherlock	1 October 2006 to 30 September 2009	Audit
Mr Maurice Smith	1 February 2009 to 31 January 2012	
Mr Nick Stuart	5 December 2002 to 31 May 2010	Audit (Chair) Nominations Remuneration (from November 2008)
Ms Kathleen Tattersall	2 April 2008 to 1 April 2011	Ofqual (Chair)
Sir David Watson	1 October 2003 to 30 September 2009	Remuneration

Each member completes a register of interests, which is available for inspection at QCA offices at 83 Piccadilly by prior arrangement during normal business hours.

The role of QCA Board members is 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.

QCA Board has four committees. The Audit Committee deals with the development and implementation of policies for auditing, financial and management controls and risk management, and monitors the effectiveness of all levels of management in the use of QCA's resources. The Nominations Committee reviews nominations for appointment to the QCA Board. The Remuneration Committee deals with pay of the Executive and Directors, along with maintaining oversight of pay and conditions for the next tier of staff. The Ofqual Committee acts as the Board of the interim independent regulator (Ofqual); its role is to carry out the functions specified in the Direction under paragraphs 13 and 14 of Schedule 4 to the Education Act 1997.

During the year, the Board continued to run five advisory groups to assist the work of the QCA Executive:

Advisory group	Chair
0–14	Sir Jim Rose
14–19	Mrs Susan Kirkham
Qualifications & Skills	Mr Ian Ferguson
Regulation & Standards	Mr Richard Greenhalgh
Tests and Examinations Group	Mr Mike Beasley.

Board membership

During 2008-09, the Secretary of State for Children, Schools and Families formally confirmed the appointment of Rose Collinson, Scott Dobbie and Maurice Smith as new members of the QCA Board.

Headquarters and staff

QCA is located at 83 Piccadilly, London, W1J 8QA. Until QCA's new building at Earlsdon Park in Coventry is completed, a proportion of staff are also based in an interim building at Spring Place, Coventry Business Park, Herald Avenue, Coventry, CV5 6UB. It employed an average of 723 (2007-08: 581) staff during the period covered by this report.

Payment of creditors

QCA is fully committed to the prompt payment of its bills, and observes the CBI's 'Better Payment Practice Code'. QCA 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 2008 to March 2009, 99% (2007-08: 97.8%) of valid invoices were paid within 30 days of the date of the invoice.

Working cash balance

The group working balance, being the cash balance that DCSF 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 DCSF during the year. At 31 March 2009 this amounted to £2.9 million. The group balance as defined by these guidelines amounted to £1.8 million. This excludes earmarked cash held for national occupational standards development of £0.3 million. Under the terms of the Financial Memorandum with DCSF, the Department is entitled to recover any excess working balance above 2% from Grant-in-Aid for 2009-10.

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 2009 is £42,250 (2007-08: £41,000). The financial statements for QCA (Enterprises) Limited for the

year ended 31 March 2009 were audited by KPMG LLP. The fee for this audit is £15,700. (2007-08: £16,470). Taxation services provided by KPMG to QCA (Enterprises) Limited amounted to £900. 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 is 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 are 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 is 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 Accounting Officer for DCSF designates the Chief Executive of QCA as the Accounting Officer for QCA. 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 is 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 engage 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 include 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 make a significant investment in these activities. This year, expenditure amounted to £586,139, or 2.1% of total expenditure on wages and salaries (2007-08: £600,166, 2.7%).

QCA has a dedicated Diversity & Inclusion Programme Manager and team of staff. In its published single equalities scheme, QCA has 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.

Disabled people are encouraged to apply for jobs at QCA, and are offered developmental opportunities combined with practical support. We also ensure that any individuals who may become disabled during their employment are given the fullest support to maintain an appropriate role according to their experience and skills.

Health and safety training is 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 2008-09 the total number of working days lost due to sickness absence amounted to 1,847 days, (2007-08: 1,783 days) which is an average of 3.23 days per employee (2007-08: 3.65 days).

Performance assessment

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

Pay policy

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

QCA is committed to the principle of equal pay. We conducted an Equal Pay Audit in 2007, and a further audit is planned for 2009.

Details of the company pension scheme and pension liabilities are disclosed in the Remuneration report on page 20 and the Accounting Policies note (i) on page 34.

Our stakeholders

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

The principal external organisations with which we collaborate are:

- Department for Children, Schools and Families (DCSF)
- Department for Business, Innovation and Skills (BIS), formerly known as Department for Innovation, Universities and Skills (DIUS)
- 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:
 - Learning and Skills Council (LSC)
 - UK Commission for Employment and Skills (UKCES)
 - Training and Development Agency (TDA) for Schools
- teacher associations
- local education authorities (LEAs)
- schools and colleges.

Freedom of Information

QCA is fully compliant with the Freedom of Information Act 2000. During the year 2008-09 we responded to 112 separate requests for information under the terms of the Act (2007-08: 53).

Environmental, social and community

During the year, QCA implemented its sustainability action plan. The plan covered our commitment to sustainability in relation to the environment, our management of our people and resources, and in the policies we develop. The plan will be refreshed and republished in 2009.

QCA has over several years encouraged employees to volunteer to become governors of their local schools, and 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 2008–09

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 falls within these six KRAs, and the work is managed as programmes, for which milestones and Success Measures are set at the beginning of the year (Success Measures are agreed with DCSF and BIS). The overall success of each work programme is 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 DCSF at the start of the 2008-09 financial year

Delivery Outcomes**1. Early Years Foundation Stage**

- 1.1 High quality guidance for the EYFSP published by June 2008.
- 1.2 2008 Early Years Foundation Stage Profile (EYFSP) results are robust and reliable as a consequence of improved moderation by September 2008.
- 1.3 Delivery and roll-out of national accredited training for LA moderators by September 2008.
- 1.4 Scrutiny of the FSP moderation model by Ofqual by September 2008.

2. National Curriculum

- 2.1 QCA to provide Sir Jim Rose, by the end of June, with a high quality evidence base of information upon which he can form the judgements for the interim report of his primary curriculum review.
- 2.2 QCA revised draft programmes of study are agreed for inclusion with Sir Jim Rose's final report and recommendations to Ministers - by end of March 2009.
- 2.3 Activities/case studies exemplifying how the curriculum opportunities in mathematics can be realised published by the end of March 2009.
- 2.4 KS2 Schemes of Work for French, German and Spanish for Years 5 and 6 to be trialled, printed and distributed to schools by January.

3. National Curriculum Assessment

- 3.1 National Curriculum tests are delivered successfully in May 2008, with an improvement in key metrics over 2007, such as quality of marking, reduction in number of lost scripts, and an improved service to schools. Secure timely preparation for 2009 delivery.
- 3.2 Single Level Tests are developed and successfully delivered in June and December 2008 to meet DCSF's objectives, with tests reflecting outcomes from the first pilot round, secure marking standards, and high levels of school satisfaction with both process and content.
- 3.3 Schools to be equipped to accurately assess pupil progress at KS2 and KS3 in reading, writing and mathematics by 2009 (Speaking and Listening, ICT and Science by 2010). Reliable, tested, assessment criteria for Levels 1-8 delivered to National Strategies by end April 2008, in time for dissemination in September 2008 (April 2009 delivery in time for September 2009 dissemination for Science, ICT and Speaking and Listening).
- 3.4 Teacher assessment tasks for the assessment of Shakespeare at KS3 are developed and trialled in selected secondary schools by December 2008.

4. 14-19 Reforms: Diplomas

- 4.1 Phase one Diplomas, including regular updates of the Additional and Specialist Learning catalogue, are ready for first teaching in September 2008. In particular, materials produced by QCA to support phase one Diploma teaching are tested with users, are of high quality and are available by the start of the summer term 2008.
- 4.2 Phase two Diplomas which meet accreditation criteria are accredited by Ofqual by July 2008, and specifications are available to schools and colleges by September 2008.
- 4.3 Materials to support phase two Diploma teaching are developed in conjunction with the Diploma practitioner support and the relevant Diploma Development Partnerships, and are fully user-tested to a high standard, and begin to be available from September 2008 to be used as part of Diploma training.
- 4.4 Working with Ofqual, criteria for phase three Diplomas are published by the end of July 2008, and curriculum guidance in March 2009.
- 4.5 Development work for phase four Diplomas is established and Lines of Learning Statements are completed by March 2009.
- 4.6 Learner Accounts within the Diploma Aggregation Service are able to be opened along with training and support available for centres from July 2008. The service is fully operational by September 2008, including the appropriate data links and data reporting arrangements.
- 4.7 Materials developed by NAA to support the roles of Lead and Domain Assessors are developed in conjunction with consortia, are high quality and delivered by May 2008. Training for Lead and Domain Assessors meets the needs of practitioners/consortia and is delivered by July 2008 with further training as necessary delivered by October 2008.

5. 14-19 Reforms: GCSEs and A-levels

- 5.1 New GCSE specifications are accredited by Ofqual, where they meet accreditation criteria, by September 2008.

- 5.2 New criteria for mathematics, English, English Literature and ICT GCSEs are consulted on and finalised by December 2008.
- 5.3 A-level reform and Extended Project - any further guidance and promotion activity required to support take up and effective delivery completed by July 2008.
- 5.4 Appropriate action taken to ensure awarding bodies make changes to applied A-level specifications to reflect stretch and challenge in A2 and the context of the 14-19 qualifications strategy.
- 5.5 Training materials to support teachers to deliver the new speaking assessment component of language GCSEs, and any other information and guidance required to support delivery of new GCSEs to be developed and completed by March 2009.

6. *Delivery of qualifications*

- 6.1 Summer 2008 exam series completed successfully with all results in by results day, and a reduction in the number of lost scripts.
- 6.2 By September 2008, exams officers in all phase 1 Diploma consortia are ready to support the administration of the new Diplomas, including being ready to work collaboratively, and being able to use the Diploma Aggregation Service, Learner Registration Service and Unique Learner Number. By April 2009 they have developed the skills and behaviours to sustain an excellent level of co-ordination for effective Diploma delivery.
- 6.3 Support materials for Diploma consortia produced reflecting QCA's expertise, and in conversation with other support partners so that consortia receive a single, comprehensive and fit for purpose offer, across the whole year and especially in June 2008, October 2008 and February 2009, when large amounts of consortia support activity takes place.
- 6.4 QCA effectively manage and secure buy-in from Diploma awarding bodies so that information about qualifications can be shared in confidence in May 2008 with the relevant agencies to inform the core CPD offer.

7. *14-19 Reforms: Engagement/Work Related Learning*

- 7.1 QCA to develop and disseminate good practice curriculum materials and delivery approaches for using work related learning to motivate disaffected KS4 students; including continuing to publish a body of good quality case studies on specific aspects of transferable good practice on the QCA webpage.
- 7.2 Develop, sign off and publish a revised framework for work-related learning that is effective in supporting the 14-19 reforms including Diplomas by end May 2008.

8. *Functional Skills, Skills for Life and Key Skills*

- 8.1 All phase 1 Diploma learners have access to Functional Skills (FS) teaching and qualifications by September 2008.
- 8.2 FS Pilot expanded in September 2008 to cover Gateway 2 consortia centres and include improved sample of adult learning centres (recruited by April 2008) to provide evidence for decisions on the replacement of Skills for Life and Key Skills qualifications with FS qualifications.
- 8.3 QCA effectively manage the Functional Skills assessment standardisation process to ensure that assessments produced by awarding bodies become fit-for-purpose and applicable and accessible to the full range of learners - demonstrated by progress against pilot milestones for agreeing aspects of assessment.
- 8.4 Plans remain on track for the September 2010 national delivery of FS qualifications in English, mathematics and ICT within 14-19 provision.
- 8.5 An adequate bank of national tests for the Certificates in Adult Literacy and Numeracy and contract for work in place by end April 2008.
- 8.6 Skills for Life and ESOL for Work qualifications are reviewed and report and advice produced - interim by December 2008; final by March 2009. Advice provided on the development of ESOL for Work qualifications at Entry Level 2 by September 2008.
- 8.7 Exploration with Ofqual on embedding Skills for Life into qualifications accreditation has taken place and progress reported by January 2009.
- 8.8 QCA to contribute as appropriate to the UK Commission for Employment and Skills project on how to equip people with the range of soft skills employers need by October 2008.

9. *Apprenticeship Reform*

Deliver on QCA's lead responsibilities for the implementation of "World Class Skills", to be agreed with DIUS. In particular, to determine a strategy and timetable for the incorporation of Personal, Learning and

Thinking Skills in the qualifications which contribute to Apprenticeship frameworks. First outline plan to be submitted by July 2008.

10. Foundation Learning Tier

- 10.1** Sufficient Entry and Level 1 qualifications are available in the QCF for the Progression Pathway pilots to run in September 2008.
- 10.2** The Progression Pathway to L1 Diplomas is being trialled from September 2008 for Key Stage 4 Learners.

11. Vocational Qualifications Reform Programme

The milestones agreed with the UK VQRP Board and its sub-programme 2 Board are met. In particular:

- 11.1** Full Regulatory Impact Assessment produced by 30 April 2008.
- 11.2** A final report on the QCF, based on an independent evaluation of the tests and trials, is delivered to Ministers by the end of June.
- 11.3** Stakeholders using the QCF have the appropriate training and capacity building in time to implement the QCF from 1 August 2008; and QCA to communicate better on the whole VQRP – in accordance with communications strategies for Strand 2 and coordinated with VQRP Communications sub programme.
- 11.4** To continue to market the availability and benefits of accreditation to employers, and to secure 100 further employers gaining accreditation for their training and qualifications on the QCF by March 2009.
- 11.5** To work with Ofqual to ensure that its systems for accreditation are sufficiently responsive to accredit all revised vocational qualifications in line with the agreed accreditation 'windows' for the implementation of Sector Qualification Strategies by January 2009.
- 11.6** To contribute as necessary to the work of Sub-Programme 6 of the VQRP to ensure that there are robust measures for assessing employers' views of the reformed vocational qualifications - Interim May 2008; Final September 2008.
- 11.7** To continue the ongoing work with Sub Programme 1 to ensure that the QCF is developed in a way which promotes vocational qualifications that add economic value; with effective systems for rationalising out qualifications with low take up and low economic value.
- 11.8** Agreed definitions of full Level 2 for the QCF, acceptable to all key stakeholders, is easily understood by employers and learners. Report to DIUS Adult Skills PSA Target Board by July 2008.

12. Professionalising the FE Workforce

Work with Ofqual and Lifelong Learning UK to accredit qualifications to support FE workforce and ensure new qualifications for Learning Support Practitioners are accredited and available from September 2008. Enable advance arrangements between awarding bodies and centres to implement the roll-out of the new qualifications from that date.

13. Implementation in England of the European Qualifications Framework (EQF)

Publish the outcomes of the national consultation and produce a final recommendation on the referencing of the national framework with the EQF by the end of March 2009.

14. Refernet

To satisfy the conditions in the CEDEFOP managed contract and work programme for 2008 which includes completion of the national VET policy report and comparative work by the end of April 2008, and final agreed draft of the description of the VET system (eKnowVet) to be ready by 1 December 2008.

Funding, efficiency and performance

15. Budget

QCA manages within the agreed budget and can demonstrate increased efficiency in use of administrative costs.

16. Customer and citizen perception

Strategy developed and agreed by Autumn 2008 for QCA to get regular, systematic and objective feedback from key stakeholders and customers, including employers and higher education, through a variety of means.

Capacity**17. Relocation**

- 17.1** By Summer 2008, Ofqual's headquarters is located in Coventry and by March 2009 the progressive move of regulatory staff there from London is largely complete.
- 17.2** Plans for the relocation of the rest of QCA remain on course for completion by the end of 2009.

Systems Reform**18. Reducing the burden**

- 18.1** QCA can demonstrate a reduction in the burden of its curriculum and qualifications development work, including through the publication of a Simplification Plan by end April 2008.
- 18.2** To have a fully automated system in place by end December 2008 for the processing of Access Arrangement applications for General Qualifications (Reducing the Administrative Burden (RAB) project).

19. Efficiency and value for money

- 19.1** Interim report of efficiency study completed by December 2008, and final report by February 2009, providing improved understanding of the operation of the qualifications market and identifying areas for further investigation.
- 19.2** Report on fees for other widely used qualifications completed by February 2009, providing greater transparency and improved understanding of these fees.

Cross-cutting themes**20. Equality**

- 20.1** QCA's contribution (by October 2008) to the Secretary of State's 2008 Report on Disability Equality clearly identifies how the QCA's work has enhanced disability equality.
- 20.2** Learning from QCA's Single Equality Scheme, both the document and the process, to be shared with the DCSF Group by September 2008 to inform work across the sector.

21. Sustainability

- 21.1** The cross curriculum theme on "Global dimension and sustainable development" is brought into full alignment with the sustainable schools strategy by June 2008.
- 21.2** Measures are taken by December 2008 that realign the Global dimension and sustainable development theme with the evolving secondary curriculum and enable progress to be assessed.

22. E-strategy

Advise by Autumn 2008 on the E-strategy, to develop opportunities for a more efficient and effective delivery of qualifications. Ofqual to continue work on regulating e-assessment.

Risk management

The principal risks facing the organisation in 2008-09 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 an independent organisation, relocating the organisation to Coventry, while ensuring business continuity and the recommendations of Lord Sutherland's inquiry into the delivery of National Curriculum tests in summer 2008. 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 is integral to QCA's business planning and reporting systems, and forms part of day-to-day management practice. It is integrated at the strategic, programme and operational level, ensuring that all levels of risk management support one another. Risk registers are maintained at executive, group, programme, project and team level. Led from the top down, risk management is embedded in all the normal working routines and activities of the organisation; risks are identified and escalated from the bottom up.

In December 2008, the Board approved the setup of a Risk Committee that reports 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 will continue to advise the Board on the adequacy and effectiveness of QCA's risk management systems, internal controls and related practices. It receives as a standing item at each meeting a risk

management update and reports by exception on projects and volatile risks. The Audit Committee also receives regular presentations from individual Directors on the management of risks in their groups.

The Audit Committee is able to assure the Board that there are good processes and systems in place to manage risk within QCA, but this contrasts with the weaknesses in the effective use of these. This particular issue was also raised in The Sutherland Inquiry that stated "for the most part, QCA had the requisite processes and capacity to enable effective project and risk management of the National Curriculum tests"¹.

Personal data related incidents

There were 6 (2007-08: 2) reported personal data related incidents during the year.

Four of these incidents concerned the loss or theft of laptops. All laptops were password-protected and encrypted in line with guidance provided by CESG (Communications-Electronics Security), the information assurance arm of GCHQ. These incidents were reported to DCSF and to the Office of the Information Commissioner.

Two further incidents related to the misdirection of correspondence to third party contractors. All concerned were contacted and informed of what had happened. Both incidents were reported to DCSF and to the Office of the Information Commissioner.

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

Corporate developments

Organisational realignment

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). These new arrangements will be established under legislation that received its first reading in the House of Commons in February 2009.

Relocation of QCA

As part of the DCSF commitment to implementing the recommendations of the government's Independent Review of Public Sector Relocation, led by Sir Michael Lyons, QCA will complete the relocation of its headquarters from London to the West Midlands by the end of March 2010.

A programme of work is well underway to effect the relocation while ensuring that business continues as usual. This is a very substantial programme, which brings with it considerable risks; it has a robust governance structure in place, with an executive programme board and supported by a professional programme management office.

Efficiency review programme

QCA has agreed targets to achieve a 5% per annum reduction in expenditure on administrative or 'back office' costs, which was achieved in 2008-09. The government's future targets for public spending require the QCA to set challenging targets for the reduction of its budget for subsequent years.

¹ The Sutherland Inquiry © Crown Copyright 2008

Performance review 2008–09

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 supported Sir Jim Rose's independent review of the primary curriculum by gathering evidence; producing recommendations for new curriculum architecture; and consulting on the recommendations in Sir Jim's interim report through a series of events with teachers, head teachers, local authorities and other interested parties.

QCA also developed the programmes of learning, under the direction of Sir Jim and in collaboration with a wide range of stakeholders and expert groups. QCA is currently preparing to undertake a national consultation on the proposals arising from the final report of the primary curriculum review.

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 SSAT, CFBT and DCSF. QCA carried out extensive work on Personal Learning and Thinking Skills, and developed guidance materials on cross-curriculum dimensions to provide important unifying areas of learning that help young people make sense of the world and give education relevance and authenticity.

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 supported schools across the country to develop an enhanced process for Assessing Pupils' Progress, which equips 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. This work will lead to the production of guidance for schools.

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

QCA successfully completed the two-year trial of the Qualifications and Credit Framework (QCF) in June 2008 and provided a full evaluation report to DIUS. In November 2008 the Secretary of State accepted QCA's business case for implementation of the QCF, and remitted QCA to co-ordinate and lead a QCF 'Readiness Project' across the education sector. This project will run through to December 2010.

Employer Recognition Programme

QCA has worked with employers to strengthen their role in education and training by accrediting their high quality in-house training on the Qualifications and Credit Framework. This is part of a major reform of the vocational qualifications landscape to make it more relevant to the needs of employers and more flexible for learners. Since April 2008, a further 19 employers have been engaged in this process, and discussions are in train with another 60 employers.

Diploma Programme

Teaching of the first five Diplomas (in Creative and Media; Construction and the Built Environment; Engineering; Information Technology; and Society and Health and Development) began in September 2008. In partnership with the DCSF and the Learning and Skills Improvement Service, QCA established an online Diploma Qualification Feedback System to support the consortia delivering the Diploma. QCA oversaw development of a Maths for Engineering qualification to form part of the Engineering Diploma, and managed the development of new Diplomas in Languages, Humanities and Science, and the Extended Diplomas.

14-19 Qualifications and Curriculum Programme

QCA approved 181 GCSEs for accreditation from September 2009, more than 850 qualifications for use pre-16, and also 16 Cambridge certificates at level one and level two. Additional 'stretch and challenge' was incorporated into the applied A level assessments to bring them into line with other A levels. In 2008 QCA also began a review of level 3 mathematics qualifications and produced draft criteria for consultation in spring 2009; consulted on and developed GCSE criteria for English, mathematics and ICT – for first teaching in 2010; and redeveloped the 14-19 learning website to provide an easily accessible hub for all information about 14-19 teaching and learning.

Functional Skills Programme

QCA continued its trial of new Functional Skills qualifications with some 100,000 learners in 2,400 centres (schools, colleges, training providers, workplaces, adult and community settings). The trial includes assessing how the functional skills in English, mathematics and ICT operate as part of the first five Diplomas. The trial was expanded in January 2009 to include adult learners. A comprehensive evaluation is being carried out throughout exercise, with ideas and feedback on the design, delivery and assessment of functional skills being drawn from all the centres involved.

Foundation Learning Tier

The foundation learning tier (FLT) aims to increase participation in education by improving the skills of learners working below level 2, aged 14 and over, through developing high-quality credit-based qualifications at Entry level and level 1 in the Qualifications and Credit Framework. In 2008 QCA worked with a range of awarding bodies, sector skills councils and providers to develop new qualifications for the FLT, and began phased implementation of new qualifications in schools across 13 local authorities.

Research and Evaluation

In 2008-09 QCA continued to assess the impact of reforms in education for 11-19 year olds and reform in vocational qualifications. QCA contributed to the process of developing and implementing a European Qualifications Framework, which is intended to make it easier to understand and compare qualifications across the European Union.

Joint Advisory Committee for Qualifications Approval

QCA worked with the Learning and Skills Council to establish the Joint Advisory Committee for Qualifications Approval (JACQA), which will advise Government on directing public funds at relevant qualifications for 14-19 year olds. Membership of JACQA includes representatives from education and employment.

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

National curriculum tests

In 2008 QCA developed national curriculum tests for 7, 11 and 14 year old pupils in England. Some 4.2 million test papers were delivered to schools in 80,000 packages over a period of two weeks, and the tests were administered very successfully by schools. However, there were numerous problems with the marking process in 2008 and this resulted in disappointing service to pupils, schools, local authorities and other stakeholders. The review process, which allows schools to question the accuracy of results, was completed smoothly and concluded the 2008 test cycle. Much work has been done to address the recommendations of Lord Sutherland's report on the failure in 2008 to deliver on time the results of the national curriculum tests for 11 and 14 year olds. Building on this, QCA has also worked to provide a robust solution for the 2009 test cycle, which involved the engagement of new suppliers and numerous changes within QCA to ensure safe delivery of the tests.

Single level tests

As part of the DCSF's *Making Good Progress* pilot exercise (which seeks to test alternative ways of assessing pupils' progress and supporting those who are not making as much progress as they could), QCA managed the second 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 and 5.

Support to schools and colleges

QCA initiated a programme of work in February 2008 to provide support for staff in the consortia of organisations working together to deliver the first of the new Diploma qualifications. A good practice guide was produced that described the responsibilities that QCA recommended be allocated to staff within each consortium in order to support robust internal assessment. A training guide was produced, which described the knowledge, understanding and skills needed by staff taking on the responsibilities of the assessors. Sixteen planning events were held around the country to introduce the proposals and provide opportunities for staff from schools and colleges to consider how to address quality assurance issues in their own consortia.

QCA also continued to support the exams officers who administer the Diploma: training events were provided, along with on-line tools and published guidance. Exams officers were trained in using the Diploma aggregation service which assembles the constituent qualifications and learning that together form the Diploma. QCA also provided a template for Diploma students' individual learning plans and templates for recording each of prior achievement, work experience and personal, learning and thinking skills achievement. Feedback from exams officers indicates that the training, tools and materials are all well received.

Chartered Institute of Educational Assessors

The Chartered Institute of Educational Assessors provides professional development to a growing body of members dedicated to improving the quality of assessment. As well as piloting the Chartered Educational Assessor programme to place an assessment specialist in every school, the Institute provided support and training to consortia to meet the internal assessment requirements of the Diploma; training to Oral Language Modifiers to meet the requirements of the Disability Discrimination Act; and accreditation of the Early Years Foundation Stage Profile Moderator programme. The Institute also developed master's level qualifications in assessment with leading universities.

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

Ofqual, the Office of the Qualifications and Examinations Regulator, is a distinct part of the organisation, formed from the regulatory functions within QCA. It will become fully independent of QCA once the Apprenticeships, Skills, Children and Learning Bill 2008-09 receives Royal Assent and becomes an Act of Parliament.

During the year, Ofqual completed a programme of accrediting qualifications for use by learners, covering a range of revised GCSEs and the second phase of Diplomas. Revised regulatory frameworks were published for the Qualifications and Credit Framework and for Diplomas.

In July 2008 DCSF and Ofqual set up an independent inquiry, led by Lord Sutherland of Houndwood, into the reasons for the failure to deliver on time the results of the National Curriculum tests for 11 and 14 year olds. The report was published in December 2008, and Ofqual has implemented all of Lord Sutherland's recommendations regarding the regulation of these tests.

Work to establish and support Ofqual's separate identity progressed during 2008-09. A public launch event took place in the West Midlands in May; planning for Ofqual to function as a legally separate organisation was carried out as a formal project; and the project plans were scrutinised by the Office of Government Commerce (OGC) in October 2008.

Ofqual's headquarters were established in Coventry. By the end of March 2009, more than 60 Ofqual staff were based in Coventry, and the relocation of the remainder of the organisation continues until June 2009, when Ofqual's full complement of some 150 staff will be based in Coventry.

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)

News and media

The QCA press team successfully managed a number of high-profile media issues. These included the launch of Ofqual; delivery of the national curriculum tests and QCA's response to Lord Sutherland's report; and publication of summer examination results. Communications were provided to support the delivery of QCA's policy initiatives throughout the year.

QCDA

QCA also began preparation of communications to signal the transformation of QCA into QCDA, the Qualifications & Curriculum Development Agency.

QCA website

In providing direct communications to stakeholders, a significant amount of information was delivered electronically via the QCA website, which served some six million visitors during the year.

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 will establish 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 levels of recruitment and the application of Human Resources strategy.

Chief Information Officer

The Chief Information Officer's team successfully developed the major IT systems needed to deliver the Qualifications and Credit Framework interim solution and the Diploma aggregation service. The relocation to Coventry was supported through the sourcing and implementation of the necessary IT infrastructure at the new office locations.

Finance

The Comptroller and Auditor General gave our accounts for 2007–08 a clear audit certificate, without qualification. We exceeded HM Treasury's target of paying 95% of suppliers within 30 days by paying 99% of our bills within this time frame.

Looking to the future

The QCA Board has endorsed the following areas of work that QCA will focus on in 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

- support Sir Jim Rose's review of the primary curriculum by consulting widely on primary curriculum frameworks and associated areas of learning
- continue to implement the revised secondary curriculum
- promote assessment of pupil progress to make greater impact on learner performance
- engage with schools on new assessment practice, including updating the curriculum website

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

- continue to deliver the full suite of Diplomas, together with supporting infrastructure, training and materials
- continue to develop the Qualifications and Credit Framework (QCF) as a means of delivering a flexible and responsive qualifications system
- engage employers in recognising their bespoke training through the accreditation of qualifications on the Qualifications and Credit Framework (QCF)
- pilot, evaluate and roll out Functional Skills qualifications for inclusion in the QCF

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

- develop and safely deliver National Curriculum Tests
- continue the development and piloting of Single Level Tests, including tests at level 6 for key stage 2 pupils
- safely deliver the national logistics and marking of GCSEs and GCEs
- develop and deliver Key and Basic Skills tests to awarding bodies

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

- establish Ofqual as an operationally independent regulator
- maintain standards in existing, new and revised qualifications and tests
- secure an effective and efficient qualifications market
- promote and sustain confidence in the regulated system

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)

- deliver proactive corporate communications that build QCA's reputation with our stakeholders
- advise, support, develop and service the communications requirements of the policy groups to deliver our programmes of work
- prepare the design and branding of QCDA and communicate this to staff and stakeholders

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

- provide business analysis, programme and change management resources to the organisation, and manage IT services

- maintain and ensure compliance with finance, procurement, HR, payroll and governance procedures that effectively support the aim of reducing cost
- provide legal advice to the organisation's programmes of work, and to support the establishment of Ofqual and QCDA
- develop and implement equalities strategies and policies that are legally compliant and aim for best practice in all aspects of our work
- relocate the organisation to the West Midlands to the agreed timeframe, whilst maintaining service delivery

Andrew Hall

Accounting Officer and Acting Chief Executive
Qualifications and Curriculum Authority

17 June 2009

Remuneration report

a) Unaudited information

The remit of the Remuneration Committee, as described on page 5, is 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 are:

Richard Greenhalgh (Chair) (to September 2008)

Mr Mike Beasley (Chair) (from December 2008)

Sir Anthony Greener (to October 2008)

Mr Christopher Trinick (from November 2008)

Sir David Watson

Dr Ken Boston (ex officio) (to December 2008)

Mr Andrew Hall (ex officio) (from December 2008)

Mr Nick Stuart (from February 2009)

The Committee regularly reviews 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 comprises basic pay plus an annual performance-related bonus of up to 15% of basic salary. Basic pay is reviewed annually to reflect the value of the employee's contribution in the preceding year. All increases in basic pay are performance-related. Bonus objectives based on team and individual performance are set at the start of the financial year by way of a Performance Agreement between the individual senior manager and QCA. Objectives reflect performance levels required to achieve QCA's organisational objectives. Bonuses are 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. 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 have 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 2007-08 and a total accrued pension at 60 at 31 March 2008:

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 and related lump sum	CETV at 31/03/08	CETV at 31/03/09	Real increase in CETV
	£'000s (a)	£'000s (b)		£'000s	£'000s	£'000s (c)	£'000s (d)	£'000s (e)
2008-09								
Ken Boston ₁ Chief Executive (resigned 31 Mar 2009)	160 - 165 (175 - 180)	160 - 165 (175 - 180)	135,800 (154,200)	0 - 2.5 (0 - 2.5)	10 - 15 (5 - 10)	190	224	29 (32)
Andrew Hall ₁ Director Strategic Resources Management to 15 Dec 2008, Acting Chief Executive from 16 Dec 2008	165 - 170 (140 - 145)	165 - 170 (140 - 145)	56,300 (43,900)	0 - 2.5 (0 - 2.5)	0 - 5 (0 - 5)	44	78	27 (27)
Carol Copland Director, Legal & Corporate Affairs	120 - 125 (100 - 105)	120 - 125 (100 - 105)	0 0	2.5 - 5 (0 - 2.5)	5 - 10 (5 - 10)	61	89	20 (21)
Mary Curnock Cook Director, Qualification & Skills	130 - 135 (140 - 145)	130 - 135 (140 - 145)	600 600	0 - 2.5 (0 - 2.5)	10 - 15 (5 - 10)	124	161	24 (27)
David Gee Managing Director, TESG (resigned 24 Mar 2009)	130 - 135 (150 - 155)	130 - 135 (150 - 155)	0 0	0 - 2.5 (0 - 2.5)	10 - 15 (5 - 10)	149	189	27 (28)
Isabel Nisbet ₁ Acting Chief Executive of interim Ofqual	145 - 150 (125 - 130)	145 - 150 (140 - 145)	22,700 (3,100)	0 - 2.5 (0 - 2.5)	5 - 10 (5 - 10)	97	140	32 (37)
David Robinson Director, Communications & Marketing	100 - 105 (100 - 105)	100 - 105 (100 - 105)	0 500	0 - 2.5 (0 - 2.5)	5 - 10 (5 - 10)	129	174	33 (26)
Mick Waters Director, Curriculum	135 - 140 (140 - 145)	135 - 140 (140 - 145)	0 0	0 - 2.5 (0 - 2.5)	5 - 10 (5 - 10)	102	146	33 (35)
Darryl Nunn Acting Director, Strategic Resource Management (from 16 Dec 2008)	130 - 135	30 - 35	0	0 - 2.5	5 - 10	61	86	18
Mick Walker Acting Director, TEGS (from 16 Dec 2008)	110 - 115	25 - 30	10,100	0 - 2.5	35 - 40	813	880	12

The comparative year's benefits in kind figures have been amended to include the provision of health screening, where applicable.

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 Ken Boston, amounting to £135,790 (2007-08: £154,208) for the provision of living accommodation, international air travel and health screening; Andrew Hall, amounting to £56,300, (2007-08: £43,399) for the provision of living accommodation, travel and health screening; Isabel Nisbet, £22,700 (2007-08: £3,140) for the provision of

living accommodation and travel; Mary Curnock Cook, £566, (2007-08: £611) for the provision of health screening; David Robinson, £nil, (2007-08: £523) for the provision of health screening; and Mick Walker £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 6% 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

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 consists 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 are 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 are 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 (c)	£'000s (d)	£'000s (e)
2008-09								
Christopher Trinick Chairman from 1 November 2008	60 - 65	30 - 35	10,100	0	0	0	0	0
Kathleen Tattersall	55 - 60	55 - 60	5,400	0	0	0	0	0

Benefits in kind were received by Christopher Trinick and Kathleen Tattersall in respect of the provision of hotel accommodation and travel. Annualised salary for Christopher Trinick excludes payments relating to temporary support whilst QCA seeks a new permanent Chief Executive.

With the exception of the two board members listed above and the former Chief Executive, board members are reimbursed only for expenses incurred. During the year a total of £3,692 (2007-08: £5,482) was reimbursed to 11 members.

Andrew Hall

Accounting Officer and Acting Chief Executive
Qualifications and Curriculum Authority

17 June 2009

Financial Statements for the year ended 31 March 2009

Statement by the Acting Chief Executive 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.

During the year, the role of Accounting Officer for the QCA was transferred from Dr Ken Boston to me: Dr Boston held the role from 1 April 2008 until 15 December 2008, and I was appointed to the role from 16 December 2008.

QCA's objectives are linked to several of the DCSF Public Service Agreement (PSA) targets through its work on tests and examinations, qualifications and skills, as well as its regulatory work. I, and my Chairman, have regular meetings with DCSF and BIS 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 DCSF to support the formal agreement of objectives and funding, and putting appropriate risk management in place before new work is accepted.

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 has been in place in QCA for the year ending 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance. Significant action has been taken to address the recommendations of the report (published in December 2008) of Lord Sutherland's inquiry into the delivery of National Curriculum tests in summer 2008. These include a comprehensive review of risk management by QCA's internal auditors; greater scrutiny at senior level of QCA's programmes of work; and the establishment of a separate Risk Committee.

Capacity to handle risk

QCA's strategic risks are derived from its six key result areas (KRAs) that set out the organisational goals of the QCA. As part of QCA's Risk Management Framework all members of the Executive and QCA's Senior Management Team provide assurance that the strategic risks and programme risks allocated to them have been 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 is incorporated into all job descriptions for programme and project managers. Risk management training, as part of QCA's corporate training package, is offered to all staff; there is risk training during the induction of new staff; and both forms of training are based on the information provided in QCA's Risk Management Framework documentation.

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

A number of QCA's major programmes of work have been subject to the OGC Gateway Review Process. All Gateway Reviews, including the progress on implementing the recommendations arising from the Reviews, are reported to the QCA Audit Committee, and the Committee reports to the QCA Board.

The risk and control framework

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

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

Risk management is handled primarily at Group level through the maintenance of programme and project risk registers. Group Directors have completed an end-of-year statement on internal control that confirms 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 report on risk to both our Audit Committee and newly formed Risk Committee. The QCA Executive has also begun a rolling review of the organisation's programmes of work, which includes scrutiny of programme risks, how these are being managed, and the cumulative impact on the organisation.

Review of effectiveness

As Accounting Officer since 16 December 2008, I have responsibility for reviewing the effectiveness of the system of internal control. My on-going review of the effectiveness of the system of internal control is informed by the work of the internal auditors; QCA Directors; the QCA Legal and Corporate Affairs team, who have responsibility for the development and maintenance of the internal control framework; and comments made by the external auditors in their management letter and other reports. I have been advised by the Board and the Audit Committee 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 within QCA, which we established in 2008-09 to ensure we give information management and security the attention they require. We have met 32 of the 39 mandatory measures set out in the Cabinet Office *Data Handling Review*, and are aiming to complete the remaining seven measures in the first quarter of 2009-10. To this end, plans are in place to transfer QCA to the government GSX e-mail environment, which will further enhance the security of personal and sensitive data we transmit electronically; and we have taken delivery of encrypted memory sticks for use by staff for the secure transfer of all information not already in the public domain.

In December 2008 the Cabinet Office published seven policies as part of a *Security Policy Framework*. At the end of March 2009, our Chief Information Officer found that QCA was non-compliant with six of some 70 measures that we intend to comply with; none of these six was considered to be a major or imminent threat to the security of our data. We are developing a basic tracking system to monitor our progress against these policies and ensure that there is no lessening of effort to address these and ensure compliance.

There have been four instances of laptop computers being lost by staff in the course of the year, and two instances of bulk correspondence having been wrongly addressed. All laptops were encrypted and no data was lost, and staff have been reminded again of the need to be vigilant when out of the office and in possession of portable IT equipment. Procedures have been put in place to handle bulk mailing of correspondence securely and to increase the level of checking. All these incidents were reported in full to the Information Commissioner's Office, and we were informed that no further action would be taken by the Information Commissioner.

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

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

The Board approves the strategic risk register at the beginning of the year, and monitors it throughout the course of the year. The Board also receives an annual report from the Audit Committee.

The role of the Audit Committee is to advise the Board on the adequacy and effectiveness of QCA's risk management systems, internal controls and related practices. The Audit Committee receives risk management updates and reports by exception on the progress of projects and growing risks. The Audit Committee also receives regular presentations from individual Directors on the management of the risks in their Groups. The Chairman of the Audit Committee reports to the Board following each Committee meeting, giving him an opportunity to alert the Board to any matters of concern.

I have established a Risk Committee as a sub-committee of the QCA Board, to complement our Audit Committee and strengthen our scrutiny and management of risk. The Risk Committee will scrutinise and challenge the practical management of risk across the organisation.

We have also recently reviewed our risk management framework and risk processes, taking advice on best practice within DCSF and BIS.

The QCA internal auditors have delivered an audit plan driven by the Executive risks, as agreed by the Audit Committee. The Audit Committee considers 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 limited assurance rating on the design, adequacy and effectiveness of QCA's system of internal control.

Last year, my predecessor identified four internal control issues:

1. The need to continue strengthening the control of information, particularly personal data, and to provide regular assurance that these controls are effective, has been addressed throughout the year. As reported above, our Chief Information Officer has made good progress towards meeting the requirements of the Cabinet Office *Data Handling Review* and *Security Policy Framework*.
2. We arranged a further internal audit of our Human Resource function to assess the progress that has been made since last year in building the additional services needed to support the relocation of QCA to Coventry. The auditors found that significant progress had been made in the improvement of HR controls since their last review in 2007/08.
3. A fully revised business continuity plan was implemented for the organisation as at 31 March 2009, providing QCA with the ability to respond to a major incident. This work is continuing during April 2009 with the recruitment of a dedicated Business Continuity Manager and development of processes to manage and maintain business continuity as QCA evolves and relocates.
4. Guidance on 'Expenditure on Non-Pay Rewards' was revised and re-issued to QCA staff in order to ensure a strict and consistent application of the guidance.

Internal control issues

My attention has been drawn to some weaknesses in internal controls, and I have put arrangements in place to address these.

1. The failure of the process for delivering National Curriculum test results by the agreed deadline in summer 2008, and the consequent protracted negotiations to cancel the contract with the relevant supplier and complete the exercise was inevitably very damaging to QCA. The report of Lord Sutherland's subsequent inquiry included recommendations on improving procurement; governance and contract management; project and risk management; and delivery of the national curriculum tests. We restructured the relevant teams, brought them more closely within the core management structure of QCA, and added specialist staff and other resources to strengthen areas of weakness.

An action plan for addressing each of Lord Sutherland's recommendations was drawn up and we are now actively engaged in work to tackle the issues identified in the report; progress against this is scrutinised and reported to the QCA Executive and to the National Curriculum Tests Strategic Delivery Group which is chaired by DCSF. Internal audit resources have also been focused on this area of QCA's work, and their findings and recommendations are being addressed in the same rigorous manner.

2. There have been instances of contracted suppliers starting work before contracts were signed. All such breaches of our procurement procedures were detected and reported by our procurement team. A full review and a compliance check of all contracts held by QCA have been initiated as part of an action plan to minimise the possibility of any recurrence. Our Audit Committee has been kept informed. Following the internal audit review of contract management in QCA actions have been carried out to strengthen controls in this area including: issuing communications to staff to remind them of the need to obtain Chairman and CEO approval should work need to start ahead of a contract being formally put in place; updating our procurement procedures to reinforce this; and monitoring and reporting any breaches of this procedure.
3. Independent monitoring of our payroll process will be further strengthened as part of our on-going risk management work.
4. Strengthening our controls over data management and security will continue to be at the heart of the work of our Chief Information Officer.
5. The absence of a Knowledge Business Transition (KBT) project manager and defined targets for KBT has highlighted the need to improve the focus of the knowledge and business transition in preparation for the relocation to the West Midlands. A KBT project manager is now in place and is in the process of assessing QCA's progress towards completing KBT for the whole organisation and developing an action plan for achieving it.
6. There were some weaknesses identified in QCA's process for reporting progress against milestones to the Executive. The use of the Amber rating (intended to highlight milestones that were at risk of not delivering) has been infrequent and has limited the Executive's ability to manage the risk of a milestone or project not delivering either on time or to the required level of quality. The process for identifying and reporting milestones, the guidance that supports it and the quality control function have been significantly improved to address these weaknesses in preparation for reporting during 2009/10.

Andrew Hall

Accounting Officer and Acting Chief Executive
Qualifications and Curriculum Authority

17 June 2009

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 2009 under the Education Act 1997. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Gains and Losses 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 Qualifications and Curriculum Authority, Accounting Officer and auditor

The Qualifications and Curriculum Authority and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements, in accordance with the Education Act 1997 and Secretary of State for Children, Schools and Families' directions made thereunder, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Education Act 1997 and the Secretary of State for Children, Schools and Families' directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Management Commentary and the Remuneration Report, included in the Annual Report is consistent with the financial statements. I also report whether 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.

In addition, I report to you if the Qualifications and Curriculum Authority has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed. I review whether the Statement on Internal Control reflects the Qualifications and Curriculum Authority's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Qualifications and Curriculum Authority's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Management Commentary and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Qualifications and Curriculum Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Education Act 1997 and directions made thereunder by the Secretary of State for Children, Schools and Families, of the state of the Qualifications and Curriculum Authority's affairs as at 31 March 2009 and of its deficit, gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Education Act 1997 and the Secretary of State's directions made thereunder; and
- information, which comprises the Management Commentary and the Remuneration Report, included within the Annual Report, is consistent with the financial statements.

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.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

Date: 25 June 2009

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

For the year ended 31 March 2009	Note	Year ended 31 March 2009		Year ended 31 March 2008	
		QCA £'000	Group £'000	QCA £'000	Group £'000
Gross income					
Grant Income	2	436	436	414	414
Other operating income	3	12,352	14,593	12,710	15,169
		<u>12,788</u>	<u>15,029</u>	<u>13,124</u>	<u>15,583</u>
Operating expenditure					
Staff costs	4b	(47,469)	(47,469)	(33,749)	(33,749)
Other operating charges	5	(23,446)	(25,697)	(14,235)	(16,706)
Programme expenditure	6	(104,332)	(104,332)	(119,664)	(119,664)
Depreciation and amortisation	7	(1,943)	(1,943)	(823)	(823)
		<u>(177,190)</u>	<u>(179,441)</u>	<u>(168,471)</u>	<u>(170,942)</u>
Net expenditure		<u>(164,402)</u>	<u>(164,412)</u>	<u>(155,347)</u>	<u>(155,359)</u>
Relocation and Redundancy costs	11	(2,710)	(2,710)	(15,990)	(15,990)
Programme expenditure refund	12	19,500	19,500	-	-
		<u>16,790</u>	<u>16,790</u>	<u>(15,990)</u>	<u>(15,990)</u>
Net expenditure after exceptional items		<u>(147,612)</u>	<u>(147,622)</u>	<u>(171,337)</u>	<u>(171,349)</u>
Add cost of capital	1j	1,404	1,403	831	829
Profit/(Loss) on disposal of fixed assets		1	1	(1)	(1)
Interest receivable		397	407	886	898
		<u>1,802</u>	<u>1,811</u>	<u>1,716</u>	<u>1,726</u>
Net expenditure on ordinary activities		<u>(145,810)</u>	<u>(145,811)</u>	<u>(169,621)</u>	<u>(169,623)</u>
Deduct cost of capital		(1,404)	(1,403)	(831)	(829)
		<u>(147,214)</u>	<u>(147,214)</u>	<u>(170,452)</u>	<u>(170,452)</u>

All of the above results derive from continuing operations.

The notes on pages 34 to 50 form part of these accounts.

QCA GROUP & THE QUALIFICATIONS AND CURRICULUM AUTHORITY**STATEMENT OF GAINS AND LOSSES**

For the year ended 31 March 2009

	Note	Year ended 31 March 2009		Year ended 31 March 2008	
		QCA	Group	QCA	Group
		£'000	£'000	£'000	£'000
Unrealised surplus on the revaluation of fixed assets	13b	-	-	3	3

The notes on pages 34 to 50 form part of these accounts.

QCA GROUP & THE QUALIFICATIONS AND CURRICULUM AUTHORITY

BALANCE SHEET

As at 31 March 2009

	Note	Year ended		Year ended	
		31 March 2009		31 March 2008	
		QCA £'000	Group £'000	QCA £'000	Group £'000
Fixed assets					
Intangible assets	7a	7,455	7,455	4,240	4,240
Tangible assets	7b	<u>1,664</u>	<u>1,664</u>	<u>1,971</u>	<u>1,971</u>
		9,119	9,119	6,211	6,211
Current assets					
Stock		-	140	-	282
Debtors	8	3,062	3,360	3,866	4,916
Cash at Bank and in hand	9	<u>1,685</u>	<u>2,077</u>	<u>15,936</u>	<u>16,098</u>
		4,747	5,577	19,802	21,296
Current liabilities					
Creditors	10	<u>(29,444)</u>	<u>(30,244)</u>	<u>(22,706)</u>	<u>(24,170)</u>
Net Current Liabilities					
		<u>(24,697)</u>	<u>(24,667)</u>	<u>(2,904)</u>	<u>(2,874)</u>
Total assets less current liabilities					
		(15,578)	(15,548)	3,307	3,337
Provisions for liabilities and charges	11	<u>(32,795)</u>	<u>(32,795)</u>	<u>(32,578)</u>	<u>(32,578)</u>
Total assets less total liabilities					
		<u><u>(48,373)</u></u>	<u><u>(48,343)</u></u>	<u><u>(29,271)</u></u>	<u><u>(29,241)</u></u>
Financed by					
Capital and reserves					
National Occupational Standards' Development Reserve	13a	275	275	15,204	15,204
General Reserves	13b	<u>(48,648)</u>	<u>(48,618)</u>	<u>(44,475)</u>	<u>(44,445)</u>
		<u><u>(48,373)</u></u>	<u><u>(48,343)</u></u>	<u><u>(29,271)</u></u>	<u><u>(29,241)</u></u>

The notes on pages 34 to 50 form part of these accounts.

Andrew Hall
Accounting Officer and Acting Chief Executive
Qualifications and Curriculum Authority

17 June 2009

QCA GROUP & THE QUALIFICATIONS AND CURRICULUM AUTHORITY

CASH FLOW STATEMENT

For the year ended 31 March 2009	Note	Year ended 31 March 2009		Year ended 31 March 2008	
		QCA £'000	Group £'000	QCA £'000	Group £'000
Operating activities					
Grant received		436	436	414	414
Receipts from sales by subsidiary		-	6,198	-	8,271
Other cash received		10,085	10,085	8,047	8,047
Programme expenditure refund		19,500	19,500	-	-
		<u>30,021</u>	<u>36,219</u>	<u>8,461</u>	<u>16,732</u>
Cash paid to suppliers		(130,003)	(132,760)	(136,295)	(138,745)
Cash paid to and on behalf of employees		(41,146)	(41,146)	(33,313)	(33,312)
Cash transferred to UKCES	13a	<u>(15,778)</u>	<u>(15,778)</u>	<u>-</u>	<u>-</u>
		<u>(186,927)</u>	<u>(189,684)</u>	<u>(169,608)</u>	<u>(172,057)</u>
Net cash outflow from operating activities		(156,906)	(153,465)	(161,147)	(155,325)
Returns on investment and servicing of finance					
Interest received		397	407	886	898
Gross payover received from subsidiary		<u>3,221</u>	<u>-</u>	<u>6,091</u>	<u>-</u>
		<u>3,618</u>	<u>407</u>	<u>6,977</u>	<u>898</u>
Capital Expenditure and financial investment					
Payments to acquire tangible fixed assets	7	(395)	(395)	(350)	(350)
Payments to acquire intangible fixed assets	7	(4,459)	(4,459)	(4,238)	(4,238)
Receipts from sale of tangible fixed assets		<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
		<u>(4,853)</u>	<u>(4,853)</u>	<u>(4,587)</u>	<u>(4,587)</u>
Financing					
Transfer of Grant in Aid	13b	<u>143,890</u>	<u>143,890</u>	<u>157,371</u>	<u>157,371</u>
Decrease in Cash		<u><u>(14,251)</u></u>	<u><u>(14,021)</u></u>	<u><u>(1,386)</u></u>	<u><u>(1,643)</u></u>

The notes on pages 34 to 50 form part of these accounts.

THE QUALIFICATIONS AND CURRICULUM AUTHORITY

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a) Accounting Conventions

Basis of preparation

The accounts have been prepared in accordance with the Accounts Direction issued by the Secretary of State for Education and Skills on 26 June 2002. The accounts are prepared under the historical cost convention, modified to include revaluations of tangible fixed assets to reflect current values (without limiting the information provided within these accounts, and subject only to compliance with the requirements set out in the Accounts Direction). The accounts also comply with the Companies Act 1985 and applicable accounting standards issued or adopted by the Accounting Standards Board except where HM Treasury has issued alternative guidance.

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 is 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 Income & 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 29th September 2008 QCA received income from awarding bodies in respect of the certification of NVQs. Information on the number of certificates awarded is received, and assurance is taken, in the following quarter to which it relates. Levy income raised under S36 (3) of the Education Act 1997 is spent on developing national occupational standards and is disclosed separately in the accounts.

A Statutory Instrument was laid before Parliament on 8th 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 30th September 2008.

e) Fixed assets**(i) Tangible fixed assets**

Expenditure on the acquisition of fixed assets 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 fixed asset register as grouped assets.

Fixed assets are stated at modified historic cost less depreciation. 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 Income and Expenditure account.

Depreciation is provided on a straight-line basis over the following periods:

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 fixed assets

Intangible fixed assets comprise the Systems Development of the Diploma Aggregation Service and purchased software licences. Amortisation of Systems Development commenced upon completion of the project in September 2008 on a straight line basis over seven years. Software licences are stated at modified historic cost less amortisation on a straight line basis over three years and are revalued annually on the same basis as tangible fixed assets.

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

f) Stock

Stock is valued at the lower of cost and net realisable value.

g) Taxation

QCA is an exempt charity and has under the Income and Corporation Taxes Act 1980 obtained exemption from taxes on surplus arising from its charitable objectives.

h) 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.

i) Pension contributions

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).

For 2008-09, employers' contributions of £5,019,603 were payable to the PCSPS (2007-08 £4,230,845) at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands (the rates in 2007-08 were between 17.1% and 25.5%). The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. From 2009-10, the salary bands will be in the range 16.7% to 24.3%. The

contribution rates are set to meet the cost of the benefits accruing during 2008-09 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 £59,604 (2007-08 £47,435) 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 6% of pensionable pay. In addition, employer contributions of £4,200 (2007-08 £3,540), 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 balance sheet date were £nil (2007-08 £nil). Contributions prepaid at that date were £nil (2007-08 £nil).

j) 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 Income & Expenditure account. QCA is in the position of having a credit charge on the Income & Expenditure account. This is because instead of showing overall net assets on its balance sheet QCA has overall net liabilities due to its provisions for Relocation, Rent and Annual Compensation Payments as detailed in note 11 to the accounts.

Cost of capital is charged to the Income & 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% (2007-08: 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.

k) 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 balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated by using the rate of exchange ruling at that date.

l) Liquid resources

Financial Reporting Standards (FRS) 25, 26 and 29, relating to financial instruments, have been applied for the first time in these financial statements in accordance with the 2008-09 Government Financial Reporting Manual (FreM). There are no prior year adjustments to reserves resulting from the adoption of these standards.

m) Going concern

Parliament has voted Grant-in-Aid to QCA for the 12 months following the balance sheet date. Therefore, despite the balance sheet position of net liabilities, after excluding the restricted funds for national occupational standards, QCA operates as a going concern.

2. GRANT INCOME

Grant income was received from the Department for Employment and Learning (Northern Ireland) of £435,921 (2007-08: £413,988) for funding the QCA office located in Northern Ireland. Note 23 provides details of the expenditure of the QCA Northern Ireland Office.

3. OTHER OPERATING INCOME

	Year ended 31 March 2009		Year ended 31 March 2008	
	QCA	Group	QCA	Group
	£'000	£'000	£'000	£'000
NVQ/SVQ certification income	5,953	5,953	6,757	6,757
Department for Children, Education, Lifelong Learning & Skills for Wales	187	187	348	348
Northern Ireland Council for the Curriculum Examinations and Assessment	404	404	394	394
Contract Income	155	155	152	152
Other Income	2,422	2,211	899	564
Gross Income transferred from QCA(E) Limited under gift aid (3a)	2,711	-	3,806	-
Management and support services recharge to QCA(E) Limited	520	-	354	-
QCA(E) Limited gross turnover	-	5,683	-	6,954
	<u>12,352</u>	<u>14,593</u>	<u>12,710</u>	<u>15,169</u>

a) Trading Activities

QCA (Enterprises) Ltd is a wholly owned trading subsidiary of QCA selling QCA publications and products. The company transferred £2,711,203 (2007-08: £3,805,794) under gift aid to QCA.

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Income (including interest receivable)	5,693	6,967
Costs	<u>(2,982)</u>	<u>(3,161)</u>
Surplus	<u>2,711</u>	<u>3,806</u>

This analysis conforms to HM Treasury's Fees and Charges Guide and is not intended to comply with SSAP25 Segmental 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.

4. EMPLOYEES**a) Employees**

The average number of persons employed during the period was:

	Year ended 31 March 2009				Year ended
	Staff	Senior Staff	Agency	Total	31 March 2008
	No.	No.	No.	No.	QCA & Group
					No.
Communications & Marketing	42	1	33	76	52
Curriculum	70	1	10	81	69
TES	132	1	16	149	148
Qualifications & Skills	101	1	40	142	107
Regulation & Standards	112	1	11	124	86
Strategic Resource Management & Corporate	107	3	41	151	119
	<u>564</u>	<u>8</u>	<u>151</u>	<u>723</u>	<u>581</u>

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

b) Staff costs (for the above)

	Year ended	Year ended
	31 March 2009	31 March 2008
	QCA & Group	QCA & Group
	£'000	£'000
Wages and salaries	27,462	22,383
Social security costs	2,527	2,068
Pension costs	5,076	4,247
Agency/contract staff and secondment costs	<u>12,404</u>	<u>5,051</u>
	<u><u>47,469</u></u>	<u><u>33,749</u></u>

5. OTHER OPERATING CHARGES

	Year ended 31 March 2009		Year ended 31 March 2008	
	QCA £'000	Group £'000	QCA £'000	Group £'000
Travel and subsistence	2,162	2,162	1,169	1,169
Authority expenses	4	4	6	6
Operating leases - plant and machinery	32	32	50	50
Operating leases - other	6,435	6,435	4,439	4,439
Repairs and renewals provision	-	-	(486)	(486)
Other accommodation costs	1,403	1,403	1,334	1,334
Supplies and services	8,987	8,987	5,444	5,444
Professional services and training	4,254	4,281	2,149	2,154
External audit fees	45	62	41	58
Diminution in value of fixed assets	3	3	2	2
Gain on foreign currency	(21)	(21)	(16)	(16)
Other charges	142	2,349	103	2,552
	<u>23,446</u>	<u>25,697</u>	<u>14,235</u>	<u>16,706</u>

External audit fees include £3,000 in respect of audit work undertaken for the implementation of IFRS reporting in 2009/10. The external auditors of QCA (Enterprises) Limited received £900 for taxation services. (2007-08: £850)
Professional services and training includes legal costs of £2,809,778 (2007-08: £812,968).
Included in the above charges is unwinding of discount for annual compensation payment of £64,533 (2007-08: £52,204).

6. ANALYSIS OF COSTS BY PROGRAMME

QCA's business plan for the year to 31 March 2009 was the basis for the Chief Executive's Performance Agreement, which was divided into Key Result Areas (KRAs) as follows:

	Year ended 31 March 2009 QCA £'000	Year ended 31 March 2008 QCA £'000
KRA 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	6,944	8,707
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	19,313	23,080
KRA 3 Enable and safely deliver innovative assessments in schools and colleges, improving the learner experience and minimising administrative burden	67,818	77,258
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	3,165	1,763
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)	339	1,150
KRA 6 Develop systems and internal processes that enable exemplary performance through the work, expertise and commitment of QCA's people	6,753	7,706
Total QCA Programmes	104,332	119,664

Included in the above charges are consultant fees totalling £16,996,495 (2007-08: £16,313,044).

7. FIXED ASSETS**a) INTANGIBLE FIXED ASSETS**

Cost or valuation	Internally Developed Systems £'000	Computer Software £'000	Total £'000
As at 31 March 2008	4,238	494	4,732
Additions	4,459	-	4,459
Disposals	-	(29)	(29)
As at 31 March 2009	<u>8,697</u>	<u>465</u>	<u>9,162</u>
Amortisation			
As at 31 March 2008	-	(492)	(492)
Charge for the year	(1,242)	(2)	(1,244)
Disposals	-	29	29
As at 31 March 2009	<u>(1,242)</u>	<u>(465)</u>	<u>(1,707)</u>
Net book value			
As at 31 March 2009	<u>7,455</u>	<u>-</u>	<u>7,455</u>
As at 31 March 2008	<u>4,238</u>	<u>2</u>	<u>4,240</u>

The computer software relates to software licences and are valued at cost. Internally developed systems relates to costs incurred on the Minerva programme, a project to build the diploma aggregation service (DAS) to support the introduction of the Diploma in England from September 2008. Costs capitalised relate directly to the development of DAS since it became established as a viable project.

b) TANGIBLE FIXED ASSETS

Cost or valuation	Office Equipment £'000	Furniture £'000	Refurbish- ment £'000	Information Technology £'000	Total £'000
As at 31 March 2008	218	1,595	4,830	3,363	10,006
Additions	36	-	52	307	395
Disposals	(112)	(65)	-	(1,477)	(1,654)
Revaluation surplus in the year	-	-	-	(9)	(9)
Permanent diminution	-	-	-	-	-
As at 31 March 2009	<u>142</u>	<u>1,530</u>	<u>4,882</u>	<u>2,184</u>	<u>8,738</u>
Depreciation					
As at 31 March 2008	(201)	(1,542)	(3,177)	(3,115)	(8,035)
Charge for the year	(17)	(16)	(423)	(243)	(699)
Revaluation	-	-	-	6	6
Disposals	112	65	-	1,477	1,654
As at 31 March 2009	<u>(106)</u>	<u>(1,493)</u>	<u>(3,600)</u>	<u>(1,875)</u>	<u>(7,074)</u>
Net book value					
As at 31 March 2009	<u>36</u>	<u>37</u>	<u>1,282</u>	<u>309</u>	<u>1,664</u>
As at 31 March 2008	<u>17</u>	<u>53</u>	<u>1,653</u>	<u>248</u>	<u>1,971</u>

QCA (Enterprises) Limited held no fixed assets during the year.

8. DEBTORS

	Year ended 31 March 2009		Year ended 31 March 2008	
	QCA	Group	QCA	Group
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	449	2,176	1,255	3,553
Amount receivable from subsidiary undertaking	1,857	-	1,635	-
Other debtors	180	332	631	788
Prepayments and accrued income	576	852	344	574
	<u>3,062</u>	<u>3,360</u>	<u>3,865</u>	<u>4,915</u>
Amounts falling due after one year				
Prepayments and accrued income	-	-	1	1
	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total	<u><u>3,062</u></u>	<u><u>3,360</u></u>	<u><u>3,866</u></u>	<u><u>4,916</u></u>

As at 31 March 2009, 5 (2007-08: 13) members of staff had loans outstanding in excess of £2,500. The total value of these loans was £14,908 (2007-08: £39,215).

As at 31 March 2009, 18 (2007-08: 5) balances were outstanding with other government bodies:

	Year ended 31 March 2009 QCA & Group £'000	Year ended 31 March 2008 QCA & Group £'000
Other central government bodies	36	25
Local authorities	7	1
Balances with bodies external to the government	3,317	4,890
Total	<u><u>3,360</u></u>	<u><u>4,916</u></u>

9. CASH AT BANK AND IN HAND

	Year ended 31 March 2009		Year ended 31 March 2008	
	QCA	Group	QCA	Group
	£'000	£'000	£'000	£'000
Office of Paymaster General	1,410	1,410	1,228	1,229
Interest bearing	1	393	-	161
National Occupational Standards' Development	274	274	14,708	14,708
Total	<u><u>1,685</u></u>	<u><u>2,077</u></u>	<u><u>15,936</u></u>	<u><u>16,098</u></u>

QCA has a separate bank account for national occupational standards development. A separate reserve is disclosed in Note 13.

10. CREDITORS

	Year ended 31 March 2009		Year ended 31 March 2008	
	QCA £'000	Group £'000	QCA £'000	Group £'000
Amounts falling due within one year				
Trade creditors	12,075	12,833	14,556	15,977
Taxation and social security costs	1,091	1,091	-	-
Other creditors	-	42	-	43
Accruals and deferred income	15,238	15,238	8,150	8,150
Annual compensation payments	394	394	-	-
	<u>28,798</u>	<u>29,598</u>	<u>22,706</u>	<u>24,170</u>
Amounts falling due after one year				
Annual compensation payments	646	646	-	-
	<u>29,444</u>	<u>30,244</u>	<u>22,706</u>	<u>24,170</u>

As at 31 March 2009, 36 (2007-08: 19) balances were outstanding with other government bodies:

	Year ended 31 March 2009 QCA & Group £'000	Year ended 31 March 2008 QCA & Group £'000
Other central government bodies	2,237	2,250
Local authorities	68	12
Balances with bodies external to the government	<u>27,939</u>	<u>21,908</u>
Total	<u><u>30,244</u></u>	<u><u>24,170</u></u>

11. PROVISIONS

	Year ended 31 March 2009 QCA & Group £'000	Year ended 31 March 2008 QCA & Group £'000
i) Annual compensation payments		
Opening balance	1,397	1,744
Additional charge during the year	120	139
Unwinding of discount	65	52
Provision utilised during the year	(542)	(538)
Transfer to creditors	(1,040)	-
	<hr/>	<hr/>
Closing balance	-	1,397
ii) Relocation Programme - Redundancy		
Opening balance	15,482	15,147
Charge during the year	960	335
Provision utilised during the year	(1,096)	-
	<hr/>	<hr/>
Closing balance	15,346	15,482
iii) Rent - 83 Piccadilly, London W1J		
Opening balance	15,699	-
Charge during the year	1,750	15,699
	<hr/>	<hr/>
Closing balance	17,449	15,699
	<hr/>	<hr/>
Total Closing Balance	32,795	32,578
	<hr/>	<hr/>

Annual Compensation Payments

The provision for annual compensation payments recognises amounts in lieu of pension payments due to former employees, aged over 50, who took compulsory early retirement. The provision has been discounted at 2.2% to reflect the real cost of the present value. Following the implementation of FRS 25 the contractual commitment for future annual compensation payments has been transferred from provisions to creditors.

Relocation Programme – Redundancy

The provision for redundancy was created in 2006-07 following confirmation of the decision that QCA will relocate to Coventry during 2009-10. The QCA was specifically named as part of DfES 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 provision has been updated to reflect current staff and their entitlements under the Civil Service Compensation Scheme as at 31st March 2009. This includes compensatory lump sums and amounts due in lieu of pension payments, and is based on current compulsory redundancy terms. It reflects the latest indicative surveys relating to staff intentions not to relocate, and is based on service up to 31st December 2009. The movement in the provision during the financial year 2008-09 has been reflected as an exceptional item in the income and expenditure account.

Rent – 83 Piccadilly, London W1J

The provision for rent relating to the current QCA London office has been created following progress on the programme to relocate the QCA to Coventry during 2009 [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 on 31st December 2009, up to the end of the current contracted lease period on 31st December 2012. The provision is based on the QCA estimated rent liability for the 3-year period January 2010 to December 2012, plus dilapidations 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 year 2008-09 has been reflected as an exceptional item in the income and expenditure account.

12. PROGRAMME EXPENDITURE REFUND

On 15th August 2008, following the late delivery of the national curriculum tests at Key Stages 2 and 3, QCA and ETS Europe, the contractor 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.

13. RESERVES**a) National Occupational Standards' Development Reserve**

	Note	Year ended 31 March 2009 QCA & Group £'000	Year ended 31 March 2008 QCA & Group £'000
Opening balance		15,204	17,108
Surplus/(Deficit) for the year	23	849	(1,904)
Cash transferred to UKCES		<u>(15,778)</u>	<u>-</u>
Closing balance		<u>275</u>	<u>15,204</u>

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

QCA was also required by a ministerial direction to transfer residual NVQ levy income to the UKCES on 30th 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 £3,928,926 has been transferred between 30th September and 31st March 2009 as QCA continues to collect outstanding NVQ levy receipts from Awarding bodies based on NVQ certificates issued up to and including 29th September 2008.

b) General Reserves

	Year ended		Year ended	
	31 March 2009		31 March 2008	
	QCA £'000	Group £'000	QCA £'000	Group £'000
Opening balance	(44,475)	(44,445)	(33,301)	(33,271)
Net expenditure for the financial year (excluding National Occupational Standards)	(148,063)	(148,063)	(168,548)	(168,548)
Transfer of Grant-in-Aid - Capital	4,854	4,854	4,588	4,588
- Revenue	139,036	139,036	152,783	152,783
Unrealised surplus on revaluation of fixed assets	-	-	3	3
Closing government funds- Deficit	<u>(48,648)</u>	<u>(48,618)</u>	<u>(44,475)</u>	<u>(44,445)</u>

14. RECONCILIATION OF MOVEMENT IN FUNDS

	Year ended		Year ended	
	31 March 2009		31 March 2008	
	QCA £'000	Group £'000	QCA £'000	Group £'000
Opening balance of funds	(29,271)	(29,241)	(16,193)	(16,163)
Net expenditure for the year	(147,214)	(147,214)	(170,452)	(170,452)
Cash transferred to UKCES	(15,778)	(15,778)	-	-
Transfer of Grant-in-Aid	143,890	143,890	157,371	157,371
Unrealised surplus on the revaluation of fixed assets	-	-	3	3
Closing balance of funds	<u>(48,373)</u>	<u>(48,343)</u>	<u>(29,271)</u>	<u>(29,241)</u>

15. LEASES

QCA is committed to pay the following within the next 12 months in respect of operating leases:

	Year ended 31 March 2009 QCA & Group £'000	Year ended 31 March 2008 QCA & Group £'000
Land and buildings		
Lease expiring in:		
One year	18	18
Two to five years	6,286	3,765
Over five years	-	-
	6,304	3,783
Other		
Lease expiring in:		
One year	32	46
Two to five years	-	-
	32	46
Total	6,336	3,829

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.

16. CONTRACTUAL 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 2009-10, analysed by the period during which the commitments expire are as follows:

	Year ended 31 March 2009 QCA & Group £'000	Year ended 31 March 2008 QCA & Group £'000
Due within one year	8,901	69,287
Due within two to five years	85,444	157,749
Due after five years	-	-
	94,345	227,036
This includes capital commitments as follows:		
Due within one year	141	10
Due within two to five years	-	-
	141	10

QCA does not have any commitments under PFI.

17. CONTINGENT LIABILITIES

QCA has two (2007-08 – nil) contingent liabilities totalling £42,000 at the balance sheet date, one in respect of a potential personal injury claim and the other a potential employment tribunal dispute.

18. RELATED PARTY TRANSACTIONS

The Department for Children, Schools and Families and the Department for Business, Innovation and Skills are regarded as related parties. Grant-in-Aid for current and capital purposes of £143.9m 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) and the Northern Ireland Council for the Curriculum Examinations and Assessment (CCEA).

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

NIACE	£55,100
Specialist Schools & Academics Trust (SSAT)	£19,973
CIHE	£2,000
NFER	£5,279,517
Association of School & College Learning	£2,368
Institute of Education University of London	£83,891
University of Manchester	£190
RM Education PLC	£159,599
Westhoughton High School	£500

David Sherlock is President of NIACE, Nick Stuart is Chair of Trustees and Margaret Galliers is a member of the Board. Nick Stuart is a Trustee of SSAT. Richard Greenhalgh is Chairman of CIHE. Sir James Rose is President of NFER. Susan Kirkham is employed by the Association of School & College Learning. Nick Stuart is a member of the Board and David Watson is a professor at University of London Institute of Education. Kathleen Tattersall is a member of the Board of the University of Manchester. Mike Beasley's partner is employed by RM Education PLC. Maurice Smith's son is employed by Westhoughton High School.

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

19. LATE PAYMENT OF COMMERCIAL DEBTS

There were no (2007-08: 5) instances of late payment penalties being incurred during the year. (2007-08: £5,421).

20. LOSSES AND SPECIAL PAYMENTS

There were 2 (2007-08: 1) instances of special payments being incurred during the year totalling £115,628 (2007-08: £15,000). These were approved by the DCSF.

21. EVENTS AFTER THE BALANCE SHEET DATE

There were no events after the balance sheet date requiring an adjustment to the financial statements.

The financial statements were authorised for issue on 25 June 2009 by Andrew Hall (Accounting Officer and Acting Chief Executive).

22. FINANCIAL INSTRUMENTS

As the cash requirements of QCA are almost wholly funded by the Department for Children, Schools, and Families, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. 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.

23. NATIONAL OCCUPATIONAL STANDARDS DEVELOPMENT

		Year ended 31 March 2009 QCA & Group £'000	Year ended 31 March 2008 QCA & Group £'000
Income	Levy	5,953	6,757
	Interest receivable	397	886
		<u>6,350</u>	<u>7,643</u>
Costs	Travel and subsistence	-	(1)
	Professional services and training	(6)	(9)
	Part of Key Result Area 2	(5,495)	(9,537)
		<u>(5,501)</u>	<u>(9,547)</u>
Surplus/(Deficit)		<u>849</u>	<u>(1,904)</u>

National occupational standards development monies are held in a separate bank account. See Notes 9 and 13a.

Levy income for the year is based on NVQ certificates issued up to and including 29th September 2008. A Statutory Instrument was laid before Parliament on 8th 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 30th September 2008.

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

	Year ended 31 March 2009 QCA & Group £'000	Year ended 31 March 2008 QCA & Group £'000
Grant Income	436	414
Salaries	(294)	(289)
Travel and subsistence	(21)	(19)
Office costs	(71)	(67)
Project costs	(59)	(29)
	<u>(445)</u>	<u>(404)</u>
	<u>(9)</u>	<u>10</u>

Capital purchases from this grant amounted were £nil during the year (2007-08: £2,214).

25. NOTES TO CASHFLOW

i) Reconciliation of net expenditure to net cash flow from operating activities

	Year ended 31 March 2009		Year ended 31 March 2008	
	QCA £'000	Group £'000	QCA £'000	Group £'000
Net expenditure after exceptional items	(147,612)	(147,622)	(171,337)	(171,349)
Cash transferred to UKCES	(15,778)	(15,778)	-	-
Gross Payover from Subsidiary	(3,443)	-	(4,495)	-
Depreciation	1,943	1,943	823	823
Adjustment on revaluation	3	3	2	2
Decrease in stock	-	142	-	62
Decrease in debtors	1,026	1,556	39	1,367
Increase / (decrease) in creditors	6,738	6,074	(205)	(256)
Increase in provisions	217	217	14,026	14,026
	<u>217</u>	<u>217</u>	<u>14,026</u>	<u>14,026</u>
Net cash outflow from operating activities	<u>(156,906)</u>	<u>(153,465)</u>	<u>(161,147)</u>	<u>(155,325)</u>

ii) Reconciliation of net cashflow to movement in net debt

	Year ended 31 March 2009		Year ended 31 March 2008	
	QCA £'000	Group £'000	QCA £'000	Group £'000
Increase in cash for the year	(14,251)	(14,021)	(1,386)	(1,643)
Change in net debt other than cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net funds	(14,251)	(14,021)	(1,386)	(1,643)
Opening net funds	<u>15,936</u>	<u>16,098</u>	<u>17,322</u>	<u>17,741</u>
Closing net funds	<u>1,685</u>	<u>2,077</u>	<u>15,936</u>	<u>16,098</u>



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