



AQA Education

A company limited by guarantee

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Registered company number 03644723

Registered charity number 1073334

www.aqa.org.uk

AQA Education

Directors' and Trustees' Report including Strategic Report

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Directors' and Trustees' Report including Strategic Report

Who we are

The Trustees of AQA Education present their annual report (incorporating the Strategic Report) and the audited financial statements for the year ended 31 March 2024. AQA is an education charity with more than 120 years of assessment expertise and knowledge. We are the most chosen general qualifications (GQ) awarding body in England.

We design and deliver rigorous and fair assessment to more than one million learners every year and believe that fair and inclusive assessment is at the heart of learning.

Our purpose

AQA exists solely to help learners succeed. This is reflected in our charitable purpose:

To advance education by enabling teachers and students to realise their potential

Our charitable objects as described in our Governing Document is to advance education for the benefit of the public including, without limitation, by the preparation, validation, accreditation, conduct and administration of: a) examinations for the award of general certificate of education, general certificate of secondary education and general national vocational qualification or such other certificates as may be substituted for them; and b) any other tests, examinations or other systems.

Public benefit

We are confident in our role as a charity. We deliver services to the public and meet the Charity Commission's public benefit requirements, with specific attention to ensuring that our services benefit society through advancing education, increasing social mobility and promoting learning. We have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

Our aims, activities and strategy

We believe that everyone has a fundamental right to learn, and that's why **we aim never to let a learner down**.

We care about education as a vehicle for social mobility and aim to equip learners with the knowledge and skills they require for the future, regardless of background or ability, through the provision of qualifications and assessments. This is underpinned by two of our strategic objectives:

- *To secure our core – We optimise our core business processes to efficiently deliver high quality assessments for the benefit of customers, learners, colleagues and associates.*
- *To diversify and grow - We develop a wide range of qualifications, assessments and explore alternative markets for our assessment platforms and expertise, in order to serve more learners.*

To be successful, we need to cater to a diverse range of learners. We do this by offering a broad range of qualifications – including those that aren't profitable – because we believe they have educational value. We pride ourselves in delivering fair and rigorous assessments, delivered on time to allow learners to progress on their journey. We cater for a breadth of learners, offering vocational courses through TQUK, a range of international qualifications through OxfordAQA and by conducting a range of research to make sure exams are accessible to all.

As well as using our world-class research to inform the accessibility of our exams, we use our expertise to contribute to the development of assessment policy and practice both in the UK and around the world. This is underpinned by two of our strategic objectives:

- *To shape the future – We are at the centre of debate and policy making on matters of assessment and related topics. We use our knowledge, expertise and research to influence policy direction. By doing this we ensure the best decisions are made in service of students and teachers.*

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Our aims, activities and strategies (continued)

- *To lead digital change - We use digital tools to produce high quality assessments and to be efficient, reliable and consistent. These tools apply in our design and delivery of both print and onscreen formats for exams and formative tests. Our digital expertise continues to evolve. We are continuing to work with schools, the regulator and government to ensure the transition to digital assessment positively benefits teachers and learners whilst maintaining standards.*

To be successful, we not only need to stay relevant in the assessment world; we must help define it. We do this by working closely with the regulator and policymakers, feeding in the views of our customers and the young people who sit on our Student Advisory Group. Through our AQA Assessment Services function, we work in partnership with education ministries, exam boards, and education providers, to understand their needs and develop bespoke end-to-end assessment solutions to benefit learners and teachers both at home and abroad.

We are genuinely independent – none of our income goes to shareholders or a parent company – which means we always make decisions based on what's best for schools, colleges, teachers, and learners. It also means any surplus we make goes back into improving education, our primary charitable purpose. This is underpinned by our strategic objective:

- *To be closer to our customers – We work alongside teachers and schools (as well as government and other stakeholders) to ensure we provide what they want and need, today and in the future.*

To be successful, we must address the needs of teachers so that they're able to support learners effectively. By placing teachers – our customers – front and centre, we gain valuable insights into their needs allowing us to develop the right learning tools and CPD opportunities to further their understanding of assessment and enable them to prepare their students for exams.

We understand that to deliver quality assessment, research and services, we need a high-performing, expert workforce. This is underpinned by our strategic objective:

- *To be AQA in all we do – We create and deliver an environment where AQA and its people thrive, positioning us as a leader in fostering equity, diversity, and inclusion for improved outcomes, while also recognising our responsibility and commitment to positively impacting our environment.*

To be successful, we need to support colleagues' professional development. We do this by offering in-house training and sponsored qualifications to provide opportunities and support them in their progression.

By offering diverse qualifications and reinvesting surplus into research and learning tools, we advance global education and empower teachers and students worldwide to realise their potential.

Achievements and Performance

Criteria for Success – Informed by the advice contained in the Charity Commission's guidance on public benefit, we keep our educational aims, objectives and activities under continuous review, consider our achievements and the outcomes of our work and evaluate the successes and benefits. In addition, we consider how future activities will contribute to the agreed aims and objectives and help to equip learners with the knowledge and skills they require for the future.

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Achievements and Performance (continued)

Qualifications and assessment

Achievements at a glance:

- 3,897,800 certificates issued across GCSE, AS and A-Levels for academic year 2022-2023, more than any other UK exam board;
- 132,993 learners certified across 229 vocational qualifications via TQUK;
- AlphaPlus working with the Welsh government since 2016 to deliver 3.5 million assessments in over 1,400 schools in Wales;
- 61 products offered at a total loss of £6m to us because we believe they have educational value, even though they aren't profitable;
- Three GCSE Modern Foreign Language qualifications now redeveloped and ready for first teaching in 2024;
- Our Unit Award Scheme celebrated its 40th anniversary.

As the leading UK exam board, issuing more than 4 million certificates* this year alone, we understand the importance of results for students with each one looking to take their next steps in their lives. That's why our commitment to delivering the right results to students, on-time, remains paramount.

Our qualifications and assessments are closely linked to our strategic objective **to secure our core** which is targeted at optimising our core business processes and enhancing our ability to deliver exceptional service to our customers. We're positioning ourselves for sustained excellence in the education sector with a renewed focus on assessment quality through various Continuous Improvement programmes.

Our Associates – often teachers – are integral to the work we do, completing a range of tasks and activities, such as writing assessment materials, and marking and moderating students work, so that we're able to deliver assessments and results to students on time. As part of our Associates Programme, significant outcomes have been achieved, including streamlining of Associate roles so that they are simpler to understand, and enhanced terms for some roles. Elsewhere, we're piloting changes to examiner standardisation, refining awarding and moderation processes, and streamlining data use for operational excellence. We're prioritising assessment quality through targeted initiatives, including the establishment of a Head of Assessment Quality role and a zero-tolerance approach to assessment material errors (AMEs).

The start of 2024 also saw the 40th anniversary of our Unit Award Scheme which aims to build students' confidence. Annually, the scheme awards over 40,000 students of all ages and abilities, giving them a clear path towards success, no matter what achievement looks like to them.

By securing our core operations, optimising customer delivery mechanisms, and maintaining a focus on assessment quality, we're poised to sustain our position as a leader in the education sector, driving positive change for teachers, schools, and students nationwide.

Our qualifications and assessments are also closely linked to our strategic objective **to diversify and grow**. That's why we're exploring alternative markets for our assessment platforms and expertise, in order to serve more learners. AQA Assessment Services Ltd (AASL) has made notable strides in expanding our global assessment services. Collaborating with our subsidiaries like AlphaPlus, AASL has devised a comprehensive business plan to introduce the Global Assessment Services (GAS) offer to the market. Participation in major conferences like the Education World Forum and BETT have bolstered our international reputation, attracting interest from education ministries and stakeholders worldwide.

TQUK has continued on its growth trajectory. It has recently refined its strategy to ensure it is well placed to deliver future developments to benefit the vocational qualification and apprenticeship markets. Through TQUK, we've collaborated with learners, employers, and universities to create a new Level 6 Advanced Diploma in Applied Innovative Practice in Early Childhood Pedagogy and Care to aid learners' progression. The qualification has been recognised by the DfE Early Years

*including general and vocational qualifications

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Achievements and Performance (continued)

Review Team and approved for funding by the ESFA (DfE) and enables application for Early Years Teacher Status (EYTS) and Qualified Teacher Status (QTS) programs, meeting the standard entry requirements for learners advancing to universities.

Through OxfordAQA, our international presence has been significantly augmented through the development of products tailored for specific regions like Pakistan and Egypt. Strategic partnerships with educational institutions in Pakistan and Indonesia underscore our commitment to expanding access to quality education globally. Additionally, the launch of new specifications and adaptations demonstrates our agility in catering to diverse educational needs across different markets, as does our work through AlphaPlus, working in collaboration with Talemia to produce 17 training modules for Early Childhood teachers in Saudi Arabia. This project will help to improve the outcomes of public and private school education by providing information on internationally recognised teaching methods and pedagogical approaches.

AlphaPlus is also working with the Organisation for Economic Co-operation and Development (OECD) to deliver the International Early Learning Child Well-being Study (IELS) in England on behalf of the Department for Education. IELS is an international survey that collects detailed information on key competencies of children across eight countries. It aims to help countries improve children's early learning experiences in order to better support their development and overall well-being.

Through acquisitions, strategic partnerships, innovative product development, and active engagement in international forums, we continue to empower teachers, schools, and learners worldwide, thereby advancing our core charitable purpose.

Supporting students and teachers

Achievements at a glance:

- Development of our GCSE Maths readiness formative assessment tool, AQA Stride;
- Curriculum Connect events have increased by 220% compared to the prior year;
- Student voice extended by inviting representatives from the Student Advisory Group to panel discussions at three conferences, and appointing a Student Ambassador to join discussions about three new inclusive texts for GCSE English Literature;
- More than 300 new or refreshed teacher resources launched in September 2023;
- Exampro documents launched 4 million times by students in the past year;
- Testbase used in nearly half of primary schools in England.

Activities to support students are closely linked to our strategic objective **to be closer to our customers**, making sure we're working closely with teachers and students to ensure we provide what they want and need.

A significant focus of our customer engagement strategy is delivering new technology solutions for schools and colleges, such as AQA Stride, our fully funded GCSE Maths readiness diagnostic tool. Unlike any other adaptive assessment, these revolutionary tests rapidly identify what learners don't know, saving teachers time and supporting them in closing the gaps. The test was made available to all schools and colleges in England from June 2024, whether or not they're AQA customers. This represents a significant investment and dedication to our commitment to make assessment better, be it through sector leading research or innovative new products like this one.

Our Exampro products also support students preparing for exams and help minimise the burden on teachers. Exampro provides thousands of questions, mark schemes and examiner comments, aligned with 36 AQA qualifications allowing teachers to search for GCSE and A-level materials to create homework assignments, revision aids, topic tests, customised mocks and in-class teaching which build students' confidence alongside mock exam analysis and reporting for schools and Multi-Academy Trusts.

Testbase supports primary teachers in creating customised assessments and teaching materials in Maths and English, suitable for individuals, small groups, and entire classes, further enriched by Year 1 - 6 termly tests, reporting, and insights.

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Achievements and Performance (continued)

As well as connecting teachers to the right tools, we're connecting them to their own teaching communities with our Curriculum Connect sessions, where teachers are able to join our curriculum experts who share updates, tips and resources to help them support their students. We've increased the number of sessions by 220% this year and they continue to be popular with an average booking per term of 6,544 teachers, a 204% increase on previous years.

We've improved our support offer for customers with more than 300 new or updated subject matter resources and a new on-demand assessment training programme, Inside Assessment, which includes 18 new video-based modules to help upskill teachers. We've also launched a new senior leadership team community which has delivered four webinars over the last year.

We've implemented a virtual assistant and live chat trial, designed to help customers quickly find what they need as well as offering immediate access to our trained colleagues for personalised support. This initiative not only improves the efficiency of customer service, but also enhances the overall customer experience by providing timely and relevant assistance.

Our Student Advisory Group (SAG) plays a huge role in shaping the work we do to support teachers and students and we continue to amplify their voice on topics that are critical to learners. This year, they've joined us at the British Educational Suppliers Association Conference, the Festival of Education and Associate Conferences, to take part in panel discussions where they have shared their perspectives on inclusivity in our GCSE English literature texts, Artificial Intelligence and internal projects. We also held a Parliamentary Reception at the Palace of Westminster, sponsored by Ben Everitt, former MP for Milton Keynes North, where alumni were invited to share their experience of the Group and our new Student Chair delivered a speech to senior education stakeholders. Members of the SAG also fed into our response to the Government's consultation on the Advanced British Standard, giving us their insights and perspective on the consultation, which we presented to the Government.

By increasing the tools and training available to teachers and giving voice to students, we're able to ensure we address their needs and support them effectively.

Research and Innovation

Achievements at a glance:

- Launch of our 'AI for Assessment' programme;
- Successful pilot of Multi-Academy Trust (MAT) insights dashboard to 30 MATs;
- Development of the Enhanced Results Analysis service;
- Making it Click report;
- Leading the development of a new, digital, on-demand assessment in numeracy.

Our work in research and innovation is closely linked to our strategic objective **to lead digital change**. Through this objective we aim to be at the forefront of digital transformation within the education sector, spearheading initiatives aimed at leveraging technology to enhance assessment practices and support educators.

Our 'AI for Assessment' programme is exploring the potential of AI (alongside humans) to improve the quality and efficiency of assessment processes. Through initiatives such as automated marking of short-text responses and question paper error detection, we've identified opportunities to enhance marking quality assurance and streamline assessment procedures. Our focus on ethical AI development frameworks underscores our commitment to responsible technology integration in assessment practices.

By offering benchmarking tools and comparative analyses, we aim to empower educators with the resources needed to drive educational excellence and equity at both centre and MAT levels, and ultimately improve learner outcomes.

Our research and innovation is also closely linked to our strategic objective **to shape the future** targeted at influencing the educational landscape, particularly in service to teachers and students.

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Achievements and Performance (continued)

Our emphasis on digital innovation, specifically in digital exams, has garnered significant media coverage and attention. Through publications such as our Making it Click report and engagements at events like the Bett UK Conference, we've showcased the potential of digital exams to revolutionise assessment methods and improve educational outcomes for students.

We have worked with centres who offer GCSE Italian and GCSE Polish to gain greater insight into the teaching and learning practices of the two subjects and how students and teachers engage with digital technologies in the taught languages, both in and out of the classroom. We are using the findings to make recommendations regarding the support that we can offer to teachers and students to facilitate the transition to digital exams. We presented these findings at the Ofqual assessment seminar in March 2024 to raise awareness across the sector.

We are leading the development of a new, digital, on-demand assessment in numeracy, which is focused on the fundamental skills and knowledge that every young person needs to thrive in their adult life. After launching a new numeracy expert steering group, we were delighted to be invited to a meeting of the National Numeracy Council, chaired by Andy Haldane (former Chief Economist at the Bank of England). We presented our plans to the Council, which included top executives from Barclays, Capital One and Experian, and returned with many offers of support from its members.

Finally, in support of our commitment to Equality, Diversity and Inclusion, our research team held focus groups and interviews with special educational needs coordinators and exams officers. Participants in this study shared their views on access arrangements and how the future of accessibility might look, especially in relation to a shift from paper to digital exams. These findings informed our contribution to the Inclusive Educational Assessment Symposium in Cambridge in October 2023, where we engaged with other academics in the field of social exclusion, autism, dyslexia, and neurodivergent diagnoses, with the aim of linking academic studies to operational delivery of exams.

Our active involvement in consultations, such as the Department for Education's Advanced British Standard consultation, highlights our commitment to gathering diverse perspectives, including those of students through our Student Advisory Group. This engagement ensures that our responses to policy consultations are well-informed and representative of the educational community's needs.

Supporting our colleagues

Achievements:

- First phase of culture programme completed;
- 85 internal promotions, equating to 7% of our colleague headcount;
- Over 50% of core roles recruited internally;
- All Early Careers graduates from first cohort secured permanent roles with us, with a further intake of approximately 20 graduates participating in the second cohort.

Our commitment to colleagues is linked to our strategic objective **to be AQA in all we do**, in which we aim to create and deliver an environment where AQA and its people thrive.

Over the past year, we have completed the first phase of the Culture Programme, identifying current cultural attributes and defining future aspirations. Positive aspects such as purpose-driven work were acknowledged, alongside areas needing improvement like accountability deficits. We have initiated actions to bridge this gap, focusing on senior leadership behaviours and introducing initiatives like 90-day goals for all colleagues and embedding the Smart-Working approach.

We have recommitted to our Equality, Diversity and Inclusion (ED&I) People strategy and appointing an ED&I Lead to accelerate progress. We continue to have a variety of networks, including our LGBTQ+, Empowering Women, Ethnic Minority, disability and Neurodiversity networks. These allow colleagues to find support, raise awareness and have a voice in business decisions that affect the varied and diverse community we're proud to have at AQA.

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Achievements and Performance (continued)

Our passion and commitment to the advancement of education extends to our colleagues who we continue to support with development and progression through sponsored qualifications and manager training.

Wider community

Our commitment to the wider community is also closely linked to our strategic objective **to be AQA in all we do**, which recognises and embraces our responsibility to positively impact our environment.

We have made significant strides in sustainability, engaging suppliers for emissions reduction strategies and exploring alternative packaging options to minimise environmental impact. New roles, such as the Sustainability Coordinator, demonstrate our commitment to sustainability reporting and initiatives. Our Net Zero pre-strategy was approved by our Board of Trustees in December 2023, which outlined proposals for us to achieve net zero carbon emissions along with the associated risks and challenges.

With fundraising initiatives and the allowance for each colleague to take five days off per year for charitable activities, we continue positively to contribute to our wider communities as well as our environment.

Looking ahead

In the coming year, we aim to continue optimising our operational processes in support of the best outcomes for learners and teachers and broadening our portfolio to ensure we meet the needs of learners and of society as a whole. In our research, we'll be exploring the opportunities for AI to support learners and to give an additional layer of assurance across our key business processes.

For customers, we'll be working to enhance the insights and data we provide to support them and plan to continue improving our digital offering and their experience. This includes launching a new website with improved support features, to provide customers with greater accessibility and convenience while accessing our services and resources. We will continue to focus on the development of formative assessment tools to improve learner outcomes and support teacher workload.

For our colleagues, we'll continue working towards creating an inclusive work environment, where everyone can learn and thrive, and where all our people feel valued and a sense of belonging. We do this not only for our colleagues, but because we believe this is how we will best serve our customers and learners.

Sustainability continues to be a priority and will remain one in the coming years as we commit to the long-term objective of achieving net zero before 2050.

Structure, governance and management

Legal Status

AQA's legal status is as a UK company limited by guarantee (Number: 3644723) and registered as a charity with the Charity Commission for England and Wales (Number 1073334). The role and duties of the trustees are therefore governed by Charity law and Company law. As a charitable company, AQA is regulated by the Charity Commission for England and Wales and Companies House and therefore must comply with the policies and guidance of both regulators. AQA operates under a set of Articles and a Memorandum of Association. The Articles of Association are the rules which deal with the charity's status and regulate its internal management.

Group structure

AQA is an education charity and a leading provider of qualifications and support services for teachers and students. We also provide services through seven (2023: six) wholly-owned trading subsidiary companies: Doublestruck Limited (Doublestruck), AQA Assessment Services Limited (AASL), AlphaPlus Consultancy Ltd (AlphaPlus), Blutick Limited (Blutick), AC3 Solutions Limited (AC3), Training Qualifications UK Limited (TQUK) and GradeMaker Limited (GradeMaker), which along with AQA and AQA Commercial Services Limited (ACSL) make up the Group and are detailed below.

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Structure, governance and management (continued)

- AQA Commercial Services Limited (company number: 1429239) is a company incorporated in England and Wales and limited by shares and wholly-owned by AQA. It was incorporated on 16 August 2022. It acts as an intermediate holding company with trading subsidiaries underneath. The trading subsidiaries of AQA Commercial Services Limited are Doublestruck Limited, AlphaPlus Consultancy Limited, Blutick Limited, Training Qualifications UK Limited, AQA Assessment Services Limited and GradeMaker Limited.
- Doublestruck Limited (company number: 02373295) is a company incorporated in England and Wales and limited by shares. It operates as a provider of online databases of past paper questions for primary and secondary schools to support high quality, focused teaching and assessment for all ages.
- AQA Assessment Services Limited (formerly AQA Milton Keynes Limited) (company number: 05568337), is a company incorporated in England and Wales and limited by shares. It operates as a data capture bureau offering scanning services, and provides the online marking platform used by examiners and markers.
- AlphaPlus Consultancy Limited (company number: 04801609) is a company incorporated in England and Wales and limited by shares. It operates as an education service business that provides advisory, development and digital solutions for standards, assessment and certification.
- Blutick Limited (company number: 11318113) is a company incorporated in England and Wales and limited by shares. It was acquired on 8 November 2022. On 31 March 2024 the trade and assets were transferred to Doublestruck and Blutick became dormant. It operated as an AI-driven platform, which supported the teaching, learning and assessment of Key Stage 3, GCSE and A-level Mathematics.
- AC3 Solutions Limited (company number: 08453864) is a company incorporated in England and Wales and limited by shares. It was acquired on 5 December 2022. It provides a project management and reporting tool designed for the Extended Project Qualification (EPQ) submissions. On 31 March 2024, the trade and assets were transferred to AQA Education.
- Training Qualifications UK Limited (TQUK) (company number: 07827508) is a company incorporated in England and Wales and limited by shares. It operates as an End-Point Assessment Organisation built on innovation and technology that is supporting the UK qualification and assessment sector. TQUK is an Ofqual recognised Awarding Organisation and provides regulated qualifications that sit on the Regulated Qualifications Framework (RQF).
- GradeMaker Limited (company number: 08936673) is a company incorporated in England and Wales and limited by shares. It was acquired on 1 April 2023. In November 2023, the trade and assets were transferred to AQA Assessment Services and GradeMaker became dormant. It provides assessment authoring and item banking technology, used around the world to create high stakes examination papers and other assessments.

The financial statements of these subsidiaries are consolidated into this set of financial statements.

Governance and leadership

AQA is governed by the Board of Trustees who are responsible for our overall strategy, policy, educational initiatives and development, and for steering AQA to fulfil its educational and charitable objectives. The Chief Executive Officer is also a Trustee and member of the Board. Trustees meet at least five times a year. Each meeting agenda includes progress reports on major programmes, critical activities and strategy.

AQA's Executive Team is made up of ten individuals and led by the Chief Executive Officer. They are senior directors responsible for the day-to-day leadership and running of AQA, and the execution of its strategy and policies. Executive Team members may be invited to attend and present at Board meetings but do not have a vote in any decisions.

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Structure, governance and management (continued)

The Board of Trustees is led by a Chair, supported by Vice Chair, and has established governance and advisory committees. These committees include Trustee members that carry out work on behalf of the Board of Trustees and report back on their activities, including any recommendations. All the committees, except the Research Committee and Irregularities and Appeals Committee, are chaired by trustees and, except for the Committee Chairs Group, Awarding Standards Committee, Nominations Committee, Commercial Oversight Committee and Remuneration Committee, include both trustees and independent members within their membership.

Governance committees;

- Committee Chairs Group: meets as required and acts on behalf of the Board of Trustees as a clearing house for time-critical decisions. It is also a preliminary review group for strategic analysis and a special study group as required.
- Finance Committee: meets at least four times a year and is responsible for reporting to the Board of Trustees on all matters relating to AQA's financial strategy, financial management and investment management.
- Audit, Risk and Compliance Committee: meets at least five times a year and reports to the Board of Trustees on the integrity and regulatory compliance of AQA's annual financial statements; the independence and performance of the external and internal auditors; and the functioning of AQA's internal controls, risk management and regulatory compliance controls. The committee has oversight of, and the role to challenge, the effectiveness of AQA's compliance activity, including review of the annual compliance review plan, receipt of reports and activity relating to the annual Statement of Compliance process.
- Awarding Standards Committee: meets only if required, prior to publishing results for each exam series, for rapid consideration of the issues involved when there is a serious standards-related matter arising.
- Nominations Committee: meets at least twice a year and makes recommendations to the Board of Trustees on the appointment and continuation in office of trustees, ensuring that appropriate procedures are in place for their selection, training and evaluation. It also makes similar recommendations on the succession of independent members of the governance committees.
- Remuneration Committee: meets at least twice a year and acts on behalf of the Board of Trustees regarding appropriate remuneration and terms of service for the Chief Executive Officer, other members of the Executive Team and trustees when required.
- Commercial Oversight Committee: meets at least four times a year and reports to the Board of Trustees on the effective operation of AQA Commercial Services Limited, an intermediate holding company wholly owned by AQA Education, and the subsidiaries that sit within it to further the organisation's charitable and educational aims. The committee was disbanded on 18 July 2024.

Advisory committees;

- Curriculum and Assessment Quality Committee: meets three times a year and advises the Executive Team on all educational matters relating to the curriculum, assessment, and wider educational topics.
- Research Committee: meets three times a year and advises the Chief Executive Officer on all matters relating to research and technical aspects of assessment so as to ensure that AQA maintains its leading place nationally in assessment research.
- Student Advisory Group: meets three times a year and comprises students who have recently taken or are studying for AQA qualifications. The group is advisory to the Board of Trustees. The Group provides AQA with students' insights and perspectives on key areas of assessment, such as the use of technology and the design of question papers - helping us to make important decisions about the future of exams.

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Structure, governance and management (continued)

- Irregularities and Appeals Committee: meets at least twice a year and provides advice to the Chief Executive Officer. It decides on appropriate action in all serious alleged cases of teacher and student malpractice relating to AQA's exams, and oversees and contributes to the operation of AQA's appeals procedures.
- Higher Education Advisory Group: meets three times a year and advises the Chief Executive Officer on matters relating to all shared aspects of the educational and practical work that AQA and Higher Education Institutions do to recognise student achievement and support progression.

Trustee recruitment and induction

Our Trustees are volunteers with distinguished careers in education and a wide variety of other fields, who want to give time to support AQA's work for teachers, students and the field of education. The Board of Trustees includes the Chief Executive Officer as a Trustee. They are aware of their legal responsibilities and take great care in their decision making and ensuring the organisation is operating to a high standard.

We regularly review board effectiveness to identify any skills gaps within the overall membership of the Board of Trustees and when a term of office comes to an end. When these are identified, vacancies are advertised and applicants are shortlisted via our internal recruitment team and interviewed by a panel with representatives from our Executive Directors and current Trustees who will make a recommendation to the Nominations Committee. This Committee will then make an endorsement to the Board of Trustees for approval.

Collectively, members must represent and be able to advise on the education sector, as well as the running of AQA and meeting our charitable objectives. With the aim of ensuring a representative Board of Trustees, we have been partnering with a search firm who specialise in identifying diverse talent for Trustee level positions. This has led to some great success over recent years, with several appointments made to the Board of Trustees and our various Committees who reflect the broad base of teachers and students we represent.

The Trustees engage in ongoing training and learning, with annual induction sessions for new joiners – existing Trustees are encouraged to attend this too for networking and refreshing knowledge. Trustees have open dialogue with Executive Team members on areas they wish to have deeper understanding of, and information sessions are scheduled appropriately.

Pay and Remuneration

The Board of Trustees and the Executive Team comprise the key management of AQA in charge of directing, controlling, running and operating the organisation. Details of trustees' expenses, related party transactions and remuneration paid to the Chair of the Board of Trustees are disclosed in Note 10 to the financial statements.

We have a Remuneration Committee, established as a governance committee of the Board of Trustees, to advise the latter on the appropriate remuneration and terms of service for the CEO and the Executive Team, and trustees when required. Specifically, this Committee determines annually what increase, if any, should be applied to the CEO's remuneration and agrees the Executive Team's remuneration, based on specific data provided to the Committee.

The CEO is remunerated for his services in his role as CEO, and it is confirmed that no additional remuneration is payable or has been paid as a result of his appointment as a trustee.

Other Relationships

- **Oxford International AQA Examinations Limited (OxfordAQA)** – in May 2015, AQA formed a 50/50 joint venture company with Oxford University Press, Oxford International AQA Examinations Limited. The company offers a suite of international GCSE, AS and A-level qualifications to schools outside the UK that teach a British curriculum. The qualifications are designed and delivered by AQA and externally validated to ensure they are comparable to UK qualifications. The equity method of accounting is used as the accounting treatment for the joint venture (Note 3 to the financial statements).

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Directors' and Trustees' Report including Strategic Report

- **Joint Council for Qualifications** – JCQ is the membership organisation for AQA and other large UK qualification providers. It is funded by its members and acts in support of their interests. It enables its members to reach a common position on national issues and speak to its stakeholders with a collective voice. We regularly engage through a formal committee structure and through various working groups.

Reference and administrative details

The Board of Trustees is, for company law purposes, also the Board of Directors and has ultimate responsibility for the Charity's activities. It exercises its powers through the Chief Executive Officer (CEO) who is also a Trustee. AQA's directors during the reporting year and up to the date of this report were:

Mr M Allen
Mr J Dahl
Dr A Hadawi
Mr T Hall
Mr C Hughes (CEO)
Ms E Kitcatt
Professor J Knowles
Ms L Martini (term concluded 1 January 2024)
Mr M Nicholson (term concluded June 2023, re-appointed 3 November 2023)
Ms D O'Donoghue
Mr M Ojja
Mr M Orr
Ms V Rhodes
Ms P Smith
Ms A Spackman (Chair) (tenure began 1 April 2024)
Ms I Sutcliffe
Mr M Turner
Mr T Jackson (tenure began on 1 May 2024)
Dr H A Ewing (tenure began on 1 April 2024)
Ms A Frost (tenure began on 1 April 2024)
Mr J van Wijngaarden (Chair) (tenure ended 31 March 2024)

A number of the trustees also served as chairs of governance and advisory committees during the reporting year, as follows:

Governance committees;	
Committee Chairs Group	Mr J van Wijngaarden (to 31 March 2024) Ms A Spackman (from 1 April 2024)
Finance Committee	Ms P Smith
Audit, Risk and Compliance Committee	Mr M Turner
Awarding Standards Committee	Mr J van Wijngaarden (to 31 March 2024) Ms A Spackman (from 1 April 2024)
Nominations Committee	Mr J van Wijngaarden (to 31 March 2024) Ms A Spackman (from 1 April 2024)
Remuneration Committee	Mr M Allen
Commercial Oversight Committee*	Mr J van Wijngaarden (to 12 October 2023) Mr M Orr (from 13 October 2023)
Advisory committees;	
Curriculum and Assessment Quality Committee	Ms E Kitcatt
Research Committee	Dr A Ahmed (non-trustee, Acting Chair)
Student Advisory Group	Ms E Kitcatt
Irregularities and Appeals Committee	Dame Joan McVittie (non-trustee)
Higher Education Advisory Group	Mr M Nicholson
*Disbanded 18 July 2024	

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Directors' and Trustees' Report including Strategic Report

Reference and administrative details (continued)

All trustees are required to complete a Register of Interests and to declare any potential conflicts of interest annually and declare conflicts of interest at the start of each meeting. This also applies to governance and advisory committee members who are not trustees.

AQA's day-to-day business is carried out by the CEO, Colin Hughes, and the Executive Team:

Mark Bedlow (Chief Operating Officer)

Isabelle Perrett (Executive Director of People)

Alex Scharaschkin (Executive Director of Assessment Research & Innovation)

Nick Stevens (Chief Finance and Corporate Services Officer)

Michael Turner (Executive Director of Customer and Product)

Claire Thomson (Responsible Officer and Executive Director of Regulation and Compliance)

Derek Richardson (appointed 1 December 2023, Managing Director, AQA Assessment Services Ltd)

Anna Trethewey (appointed 15 January 2024, Executive Director of Corporate Affairs and Strategy)

Justin Coombs (appointed 1 February 2024, Executive Director of Assessment Technology)

Information on our external advisors can be found at the end of this report.

The Charity Code of Governance – what it means to us

AQA takes its governance responsibilities seriously and, as a large charity, aims to have a governance framework that is fit for purpose, compliant and efficient. In 2017, the Charity Code of Governance (the Code) was launched, with a recommendation that charities review the extent to which they apply the Code and explain any aspects of the Code they are not applying. In our review we carried out a detailed examination of each element of the Code:

- **Organisational purpose** – AQA's organisational purpose is our public benefit which is to help students and teachers to realise their potential.
- **Leadership** – Find out how we are applying the Charity Code of Governance to leadership on page 10.
- **Integrity** – Maintaining our integrity is critical to how AQA operates; it is about doing what is right and being open and honest. We aim always to uphold the values and behaviours we have set. Our Board of Trustees scrutinise our decision making to ensure we adhere to this, as well as the requirements set by regulators such as the Charity Commission and Ofqual.

AQA operates a conflict-of-interest policy for all employees, Trustees and independent members, subcontractors and all third parties who work with us and act on our behalf. Conflicts of interest are collated at the start of each exam series. Declarations of interest are made and recorded at the start of every formal meeting.

We ensure that we report any issues or problems in a timely and transparent way as needed (whether to Ofqual or the Charity Commission) and work hard to put things right for our stakeholders.

We have a Modern Slavery Statement which is available on our website. We are committed to making ethical choices in our supply chain and we conduct full due diligence checks when onboarding new suppliers. Key strategic and critical suppliers are monitored on a continual basis for commercial, financial and supply chain risk, including compliance with regulatory, policy and legal requirements.

- **Decision making, risk and control** – AQA strives to make decisions that are evidence based and informed by a good understanding of risk. Effective risk management is key to successfully delivering our strategy and developing AQA for a sustainable future. We have a centrally held range of policies and procedures to help ensure consistent control measures are put in place to manage our work efficiently.
- **Board effectiveness** – Find out how we are applying the Charity Code of Governance to Board effectiveness on page 12.

AQA Education

Directors' and Trustees' Report including Strategic Report

The Charity Code of Governance – what it means to us (continued)

- **Equality, diversity and inclusion** – We believe that everyone stands to benefit when we embrace and value the diversity of thoughts, ideas and ways of working that people from different backgrounds, experiences and identities bring. This is evident in:
 - the range of qualifications we offer to make sure assessment is accessible to all
 - our research and innovation activity, including working with special educational needs coordinators and exams officers.
 - the way we support students and teachers, introducing new inclusive texts for GCSE English Literature.
 - the way we support our colleagues with variety of network groups and newly appointed ED&I lead.

We continue to look at our recruitment practices and employment policies to support diversity and inclusion. We have an Equal Opportunities Policy in place and welcome applications for employment from appropriately qualified individuals regardless of race, gender, religion/belief, sexual orientation or disability. Where existing employees become disabled, our policy is to provide continued employment, training and occupational assistance where needed.

We voluntarily publish our ethnicity pay gap report alongside our gender pay gap report because it's the right thing to do. We recognise that we have much work to do to close our pay gaps and to be more diverse within the senior levels of the organisation. In line with our values, we are committing to 'stepping up' and to holding ourselves accountable for making meaningful progress through our actions and words.

Information on our gender and ethnicity pay gaps can be found in our 2023 pay gap report, published in 2024.

- **Openness and accountability** – AQA strives to be open in its charitable work and is accountable for its actions.

We recognise the value and importance of having engaged and enquiring employees. We know high levels of engagement have a positive influence on the performance of our teams as they engage with the teachers, students and others in the field of education.

During the year we have held a wide range of staff engagement sessions for colleagues to hear updates from the Executive Team and others on how organisational and strategic programmes are progressing.

We also encourage openness with all our colleagues, and AQA associates and examiners, through our 'Speak Out' facility. This is designed to encourage people (anonymously if they prefer) to give feedback or raise an issue, including anything that does not 'feel right'. We have 'Speak Out' representatives that can be approached directly, a webpage for submitting anonymous comments, and a designated email mailbox. This scheme is operated alongside a formal Whistleblowing process.

Corporately, we engage fully with our regulators to report incidents when they occur, and to update the regulators on the progress of putting these right. We have a dedicated Incident Management process to examine any incidents that occur in day-to-day business, with decision making functions sitting independently from operational areas. All colleagues involved work together to ensure that our focus remains on our stakeholders and getting the best results for them.

AQA has a designated Safeguarding Lead who sits within our Exams Integrity Team and holds responsibility for all safeguarding activity across the organisation. A Safeguarding Strategy is regularly updated and presented to our trustees for approval; this strategy shapes the organisation's response to safeguarding issues, including training for trustees, staff, associates and examiners who may undertake visits to schools, training on dealing with safeguarding issues presented in students' exam responses, and being responsible for the organisation's safeguarding policy and procedures.

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Directors' and Trustees' Report including Strategic Report

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a director of a charitable company limited by guarantee to act in the way they consider, in good faith, would be most likely to promote the success of the Charity. In doing this, section 172 requires a director to think ahead to numerous factors including:

- The likely consequences of any decision in the long term.
- The interests of the Charity's employees.
- The need to foster the Charity's business relationships with suppliers, customers and associates.
- The impact of the Charity's operations on the community and the environment.
- The desirability of the Charity maintaining a reputation for high standards of business conduct.
- The need to act fairly.

Below we outline our consideration of the above.

Stakeholder engagement

Our stakeholders are our customers, the students we support, the people who work with us, those people and organisations that help us deliver our key service, and our regulators.

The Board of Trustees is committed to effective engagement with all of its stakeholders and recognises that building strong relationships with our stakeholders will help us to deliver our strategy in line with our purpose and our values.

For the majority of instances, the Board of Trustees delegate this responsibility to the CEO and the Executive Team as part of the Charity's day-to-day business.

The Board of Trustees receives updates from the Executive Team on issues concerning employees, customers, associates, students, suppliers, Ofqual, Government and the wider community. Some of the ways in which the Executive Team has engaged with stakeholders over the year are shown below.

- **Customers** (teachers) are at the heart of everything that AQA does. That's why, we have a comprehensive customer engagement strategy, underpinned by our strategic objective, to be closer to our customers.

This year, we've launched our Customer Centricity campaign, where all colleagues can sign-up to spend time in our Customer Services department, engaging all areas of the business with our customers and their needs. Senior Leaders have taken part in a buddy scheme, meeting regularly with a Customer Services colleagues to share expertise and provide advice to customer-facing colleagues. This helps us to better understand, serve and support our customers in everything we do.

You can find out more about how we've supported customers in our Achievements and Performance section.

- **Associates** are critical to our business delivery model; they are academics, teachers, lecturers and subject matter experts and provide a range of services, including assessment authoring, examining and moderation and customer support.

In response to feedback received from our associate community, a programme was established to review how we engage with associates to help improve their experience. You can find out more about some of the successes of this programme in our Achievements and Performance section.

- **Students** are not technically AQA's customers as they do not purchase our products; however, we always make decisions based on what's best for schools, colleges, teachers, and students. We have had a successful student engagement strategy in place for several years, which continues to grow and allows AQA to engage with this community.

You can find out more about some of the successes of our Student Advisory Group in our Achievements and Performance section.

AQA Education

Directors' and Trustees' Report including Strategic Report

Section 172(1) statement (continued)

- **Suppliers** – the Executive Team recognises the key role suppliers play in ensuring AQA delivers a reliable service. Suppliers also help AQA to continually improve the products and services we offer. We have met and worked with key suppliers throughout the year. This gives us an opportunity to share our plans, gives suppliers an opportunity to share ideas for improvement, and also enables us both to hear directly from each other to discuss current challenges and to nurture our ongoing relationship. Our aim is to ensure that our relationships are mutually beneficial. The goodwill this generates helps to ensure that AQA receives priority treatment, be it service, quality, innovation or other commercial benefit.

To ensure continued performance, we review supplier performance against KPIs and agree on priorities and action to be taken when performance falls below expectations. We have also introduced a Supplier Code of Conduct with which suppliers must be fully compliant. We have obligations to fulfil and we encourage feedback from our key suppliers by both formal and informal channels. Details on our payment practices and performance are found at GOV.UK.
- **Employees** – the Executive Team engages with colleagues across the whole of AQA and within their own business areas. Monthly Executive connect sessions take place across all offices which enable colleagues to ask leaders questions and to connect with colleagues from other teams. Executive roadshows, which bring colleagues together across all sites to hear updates from the Executive, take place twice a year. The Executive Team also meets regularly with the senior leadership group to ensure they are up to date and able to share feedback with the Executive Team.
- **Joint Council for Qualifications (JCQ)** – is the membership organisation for AQA and other large UK qualification providers. It is funded by its members and acts in support of their interests. It enables its members to reach a common position on national issues and speak to its stakeholders with a collective voice. We regularly engage through a formal committee structure and through various working groups.
- **Regulators** – AQA recognises the importance of open and continuous dialogue with regulators. Our Responsible Officer and members of the Regulation & Compliance team proactively and regularly meet with Ofqual, Qualifications Wales and Council for the Curriculum, Examinations & Assessment, who regulate respectively the qualifications we offer in England, Wales and Northern Ireland. Our engagement with regulators occurs primarily through a formalised governance framework, established by the regulators.
- **Government** – as an education charity, AQA works with Government and other stakeholders to inform both their work and the development of wider education policy. We regularly organise roundtables, seminars, provide briefings and consultation responses to support stakeholder understanding of qualifications, the components of high-quality assessment, as well as to share insights from AQA's research and analysis. We arrange AQA's presence at political party conferences through a series of impactful events, and our annual parliamentary reception. We continue to work closely with officials and ministers at Ofqual and the Department for Education. We publish regular blogs via our AQA website highlighting insights in assessment and qualifications policy.
- **Wider community** – as a registered charity, AQA is committed to managing the wider social impact of its operations. Details of our Modern Slavery Statement and Standards and Policies are included on our website www.aqa.org.uk. We take our environmental responsibilities very seriously. Further details can be found in our environmental policy on page 18.

Decision making

AQA recognises the importance of engaging with stakeholders to help inform our strategy and Board of Trustees decision making. Relevant stakeholder interests, including those of employees, suppliers, customers, regulators and others are considered when it makes decisions.

We define principal decisions as those that are material or of strategic importance to AQA, and also those that are significant to any of its key stakeholder groups. In making its decisions, the Board of Trustees considers the outcomes of relevant stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct, and to consider the long-term consequences of its decisions.

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Directors' and Trustees' Report including Strategic Report

Section 172(1) statement (continued)

The following provide examples of how stakeholder interests were considered in a principal decision made by the Board of Trustees.

- **Simplification of our organisational structure** – the Board of Trustees approved the decision to hive up the trade of GradeMaker Limited, Blutick Limited and AC3 Solutions. In reaching this decision, the following points were considered:
 - simplification of group structure operational efficiencies
- **Net Zero** – the Board of Trustees approved the decision to align to a Net Zero approach as part of our sustainability strategy. They were asked to consider:
 - our impact on global warming
 - cost and resource implications
 - our brand and commitment to do what's right.

While having greater cost and resource implication than aligning to a Carbon Neutral approach, it was decided that a sustainability strategy aligned to Net Zero was the right thing to do, not only for AQA, but for the wider community.
- **Pricing strategy** – the Board of Trustees took the decision to increase Summer 2024 entry fees by 4% and additional product specific increases. In reaching this decision, the following points were considered:
 - our responsibility as a charity to invest in assessment and provide ever-improving services to our customers
 - keeping our prices fair and competitive
 - inflation
 - continuous improvement of our qualifications and our support services to best meet the needs of teachers.

Environmental policy

Sustainability is important to us and will remain a priority in the future, having committed to the ambitious target of reaching net zero before 2050.

The Companies Act 2006 requires large charities to include Greenhouse Gas (GHG) emissions and energy consumption disclosures in their Directors' Report. Charities that consume more than 40,000kWh of energy annually must:

- Disclose the annual quantity of emissions in tonnes of carbon dioxide equivalents for which it is responsible together with the annual quantity of energy consumed in kWh. Disclose the annual quantity of emissions in tonnes of carbon dioxide equivalents for which it is responsible together with the annual quantity of energy consumed in kWh.
- Describe the calculation methods used in determining the amounts of emissions and energy consumption disclosed and provide narrative disclosure on any energy efficiency improvement measures undertaken in the year.
- Present at least one ratio that expresses the Charity's annual emissions in relation to a quantifiable factor associated with the Charity's activities.

We take our environmental responsibilities very seriously. We recognise our part to play in contributing to the resolution of global and local environmental issues by reducing our impact on the environment and by taking a leading role in promoting environmental best practice. During the year, we have achieved an 83% reduction in our emissions per £m of non-investment income compared to our baseline year 2018/19.

We have continued to initiate improvements and to promote our environmental message throughout the organisation. Achievements have been accelerated due to the introduction of Smart Working and the completion of our building refurbishment programme, resulting in optimised building occupancy and business travel compared to the baseline year. Although the rate of GHG emission reduction is not sustainable upon full return to operational norms, we have committed to significant changes to our operating model to enhance future GHG reductions.

AQA Education

Directors' and Trustees' Report including Strategic Report

Environmental policy (continued)

In the past 12 months our main achievements are:

- Implementation of building management and building intelligence systems in AQA Manchester and AQA Guildford offices to optimise and control the office environments
- Improving technology across all offices to enable more virtual employee and associate meetings, reducing the need for travel
- Achieving a zero waste to landfill and 100% waste recycling and recovery rate on all waste streams
- Generating 146 MWh of electricity through buildings solar PV systems
- Procuring 2.5GWh of renewable sourced electricity
- Reducing work related travel emissions by 30%*
- Reducing energy consumption in our buildings by 41%*(excluding REGO certificates)

*Reductions compared to GHG reporting baseline year 2018/19

As part of our sustainability strategy, we have commenced a project to record and analyse scope 3 GHG emissions which is due for completion by mid-2024. Upon completion we will agree and publish a milestone plan to reduce emissions in accordance with our net zero strategy and Science Based Target Initiative application.

Whilst our detailed plans are not yet available, we will continue with the work described below over the coming financial year to further reduce our impacts and associated CO2e emissions:

- Continue to monitor and maintain business travel to a minimum 30% reduction based on 2018/19 baseline data and maintaining our policy of not using domestic air travel.
- Continue work with our printing supply chain, and testing alternatives to plastics on some of our processes for example using paper-based packaging.
- Working with the DfE and the other awarding organisations on the feasibility of trialling a plastic packaging take back scheme from AQA and non-AQA centres with the aim to recover at least 80% of plastic waste packaging.

Emissions for Scope 1 (direct) and scope 2-3 (indirect) sources are continually monitored at source (i.e. energy consumption and waste production) as well estimated (i.e. fuel consumption through transport) by applying the relevant conversion factors.

The annual quantity of emissions in tonnes of carbon dioxide for the Group for the year was 451.94 tonne CO2e, which is an increase of 170.67 tonnes CO2e from the prior year. This equates to 1.82 tonnes per £m non-investment income, which is a 29% increase compared to the prior year and 83% reduction compared to the 2018/19 baseline year. The emissions in 2018/19 baseline year were 1,884.27 tonnes CO2e which equates to 10.45 tonnes per £m sales.

AQA Education

Directors' and Trustees' Report including Strategic Report

Environmental policy (continued)

Full year on year breakdowns of direct and indirect emission are summarised below:

Year	Sales Revenue £m	GHG Emissions (T CO ₂ e)	Intensity Measurement Ratio (IMR)*	Difference (IMR)
2018/19	180.3	1884.27	10.45	n/a
2019/20	183.8	1759.16	9.57	-8%
2020/21	133.9	900.03	6.72	-38%
2021/22	146.8	448.89	3.05	-74%
2022/23	215.9	281.27	1.30	-90%
2023/24	249.0	451.94	1.82	-83%

* Intensity measurement ration = GHG Emissions/ Sales Revenue (tonnes per £m revenue).

The total emissions for 2021/22 and 2022/23 have been restated due to an omission where solar PV generation had been captured as an off-set rather than reduction. Subsequent intensity measurement has been updated to reflect the correction.

The total Group energy consumption for the year was:

- Electricity – 2,602,547.90 kWh (2023: 1,972,826 kWh)
- Gas – 401,970.54 kWh (2023: 518,410.50kWh)

The total Group transport fuel use for the year was:

- Transport fuel – 52.74 (2023: 44.79) tonnes CO₂e (owned and grey fleet transport)

Our overall target to reduce our greenhouse gas emissions by 60% or 4 tonnes CO₂e per £m of revenue between 2018/19 to 2025/26 has been exceeded. However, the emissions target will not be revised until our full return to operational norms in 2025/26 but a new intensity measurement ratio of less than 2 tonnes CO₂e per £m revenue has been agreed.

The methodologies used to collect and assess emissions data varied throughout the inventory. The primary methodology used was multiplying GHG activity data by appropriate GHG emission factors. All methodologies used were selected based on their ability to provide accurate and consistent results. The use of activity data and emission factors was feasible due to the availability of both accurate activity data for the majority of sources and standard emission factors from Department for Environment 2023 (DEFRA) and the Greenhouse Gas Protocol Initiative (where DEFRA factors are not supplied).

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Risk management

Risk management at AQA is underpinned by an established risk policy and process including the setting of risk appetite which is reviewed annually by the Executive Team, the Audit, Risk and Compliance Committee (ARCC) and ultimately approved by the Board of Trustees.

Strategic and operational risks are identified in the context of our overall objectives and defined risk appetite. Our overall risk appetite is generally low, reflecting the nature of what we are delivering for students, and the highly regulated environment in which exam boards operate.

Operational risks are regularly reviewed by department managers and group subsidiaries management teams, with any significant operational risks escalated to the Executive Team. On a monthly basis, the Executive Team reviews the strategic risk register and top operational risks. A risk report is presented to each meeting of the ARCC to ensure effective oversight of risk management activities and the overall AQA risk profile. Regular updates are provided to the Board of Trustees by the ARCC Chair.

Our Group Risk Manager facilitates risk management activities across the business, ensuring that the process is communicated and managed effectively. Appropriate training mechanisms are in place, with risk awareness and guidance provided to managers and their teams to promote the effectiveness of our risk management framework.

Our outsourced internal auditors (Deloitte during 2023/24) conduct a risk-based assurance programme of work throughout the year. The audit programme focuses on areas assessed as being at significant internal risk, as identified by the Executive Team and by Trustees. The ARCC approves the annual internal audit plan and reviews the individual reports and recommendations. The output provides assurance across the business areas within AQA and where weaknesses in controls are identified, actions are taken to address these. The ARCC monitors progress on any agreed actions from internal audit reviews to ensure these are addressed appropriately and in a timely manner.

Further, the ARCC reviews our internal controls and procedures (financial and non-financial) and considers the results of our audit reviews. It also approves our internal Regulatory Compliance team's annual plan of review activity, receives and challenges reports on compliance, and oversees the process for producing the annual Statement of Compliance to the independent exam regulators. The Committee reports directly to the Board of Trustees.

The following is a summary of the main risks facing AQA, which are represented in our strategic risk register and are kept under review as part of the established process of risk management.

- **Operational delivery:** the security of assessment materials and successfully delivering timely and accurate results to students are essential to supporting our overall purpose and to our ongoing success. We have rigorous processes and contingency plans in place and strive continually to improve our processes and performance in the light of experience.
- **Strategic change:** we must ensure that we are able to adapt and remain fit for purpose as an essential provider of qualifications and related educational services. In this context, we have robust planning and change management structures in place with oversight of the key investment programmes from the ARCC and the Board of Trustees. We must also invest in our ability to attract and retain the skills and expertise needed for future delivery.
- **Qualification market reform:** It is critical AQA is prepared to respond to significant changes or reform in the qualification market over the next decade. The ongoing delivery of AQA's strategy has resulted in AQA being well positioned to respond to market reforms, as they occur in near to medium term.
- **Robust IT systems:** We have invested in several multi-year programmes to ensure our technology capability is supported by strong, modern, cloud-based platforms. Our programmes are now complete, and our new exam, marking and finance systems are fully operational. Development of these systems and others will continue to improve our resilience, improve customer experience, and resist the growing cyber threat.

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Directors' and Trustees' Report including Strategic Report

Financial review

AQA is in a strong and stable financial position. We continue to focus on our long term financial strategy and have an appropriate level of reserves.

These financial statements cover the year to 31 March 2024. The key highlights from the year are as follows;

- Our income increased by 23% (2023: 48%) over the prior year. Additional income has been generated through recognising a full year of acquired subsidiaries in the year, an increase in market share and cohort as well as an increase in entry fee pricing to cover increasing costs. In addition we made substantial profits on the disposal of some of our assets. The changes year on year are not comparable due to a reduced summer series in 2021/22 which inflates the prior year percentage increase.
- Our income from educational services of £241,701,000 (2023: £208,227,000) was earned through the AQA Group excluding AlphaPlus Consultancy Limited and an element from AQA Assessment Services Limited which are shown as digital and consultancy services. We earned £7,274,000 (2023: £7,628,000) in digital and consultancy services during the year.
- Our underlying performance resulted in net income of £5,922,000 (2023: £1,480,000). Underlying performance is calculated based on the net income before tax of £15,416,000 (2023: £32,096,000 expenditure before tax) less non-operational income and expenditure of £9,494,000 (2023: £33,576,000). This represents an operating margin of 2.2% (2023: 0.7%).

	31 March 2024 £000	31 March 2023 £000
Net Income / (expenditure) before tax	15,416	(32,096)
Non-operational (income) / expenditure:		
Profit on disposal of tangible fixed assets	(14,605)	-
Software impairment (Note 11)	396	-
Goodwill impairment	4,715	-
GMPF pension settlement cost (Note 27)	-	33,576
Net non-operational (income) / expenditure	(9,494)	33,576
Underlying performance	5,922	1,480

- Our investments' performance was affected by favourable global markets. The results for the year show an overall net gain on investments of £4,411,000 (2023: loss £1,420,000) (Note 15).

AQA participated in one principal defined benefit pension scheme, the AQA Pension Scheme, as well as having smaller participation in two national defined benefit schemes, Teacher Pension Scheme (TPS) and University Superannuation Scheme (USS). In accordance with section 28 of FRS 102, unfunded pension liabilities are included in the defined benefit pension schemes liability for the two principle schemes. In the prior year, participation in the Greater Manchester Pension Fund (GMPF) was ceased.

USS and TPS are multi-employer defined benefit schemes where it is not possible to separately identify the assets and liabilities for each participating employer. Accordingly, contributions are treated as defined contribution schemes for accounting purposes.

AQA Education

Directors' and Trustees' Report including Strategic Report

Financial review (continued)

The net balance sheet asset for the aggregation of the schemes is detailed as follows:

	31 March 2024 £000	31 March 2023 £000
Fair value of scheme assets	129,682	139,325
Present value of defined benefit obligation	(113,302)	(114,822)
Net pension asset	16,380	24,503

The net pension asset is made up as follows:

	31 March 2024 £000	31 March 2023 £000
Unfunded pension liability	(2,360)	(2,567)
University Superannuation Scheme pension liability	(237)	(384)
AQA Pension Scheme asset	18,977	27,454
Net pension asset	16,380	24,503

- During the year we saw an actuarial loss of £9,822,000 (2023: gain £31,943,000) on our pension assets and liabilities. The large gain in the prior year reflects the de-participation in the GMPF Pension Scheme.
- After taking all of the above points into account, AQA's Group Funds increased by £8,405,000 (2023: £27,000) to £164,601,000 (2023: £156,196,000). The key driver was the disposal of the properties at Guildford and Milton Keynes.
- The Group has sufficient liquidity with £56,662,000 (2023: £58,771,000) in cash fund investments and £95,556,000 (2023: £55,212,000) in cash at bank and in hand. When placing cash, our first priority is security, followed by liquidity and finally the investment return. This high level of short term cash and investments was received from schools and colleges as payment for the summer 2024 series.
- Overall, the Group has performed in line with expectations and has maintained its focus on how we work. There continues to be ongoing investment in the development of our IT systems, moving ahead with our strategy and investment in digital exams and script management.

Financial risk management

Financial risks are identified by the Executive Team and all managers as part of the business planning process which is continually updated and monitored throughout the year. Financial performance is reported to the Finance Committee for further scrutiny as delegated by the Board of Trustees. Key areas of risk that impact the Group's operations include managing working capital and long-term funding required to support its investment plans and pension commitments and liabilities.

The Group's risk and financial management framework has the primary aim of protecting it from events that hinder achieving performance objectives and protects against reputational impact and regulatory scrutiny and potential fines. The objectives are to ensure sufficient working capital exists and risk is managed at a Group level and a business unit level.

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Directors' and Trustees' Report including Strategic Report

Financial review (continued)

Exposure to price, credit, liquidity and cash flow risk

Price risk – In normal circumstances, the risk is considered to be low based on the business model for the delivery of regulated assessments in the UK market. As well as the business price risk, price risk also arises on financial instruments because of changes in listed investment prices. Listed investments with a fair value of £53,359,000 are exposed to price risk but this exposure is within the Group's risk appetite embedded in the mandate provided to our investment advisors.

Credit risk – Group policies are aimed at minimising such losses and that credit terms are only granted to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Details of the Group's debtors are shown in note 17 to the financial statements. The Group mitigates credit risk on investments by spreading our risk across different asset classes. Please refer to the Group's investment powers and policy details on page 25.

Liquidity risk – The Group mitigates liquidity risk by managing cash generated by its operations and applying cash collection targets throughout the Group.

Cash flow risk – The Group mitigates this risk by preparing and monitoring cash flow forecasts monthly to ensure that funds are available to meet our liabilities as they fall due.

Reserves policy

The target level of reserves enables us to achieve our primary charitable purpose of advancing education for the benefit of the public. To continue to provide high quality qualifications, assessment, and support to schools and colleges, we must invest in strategic areas including new products and systems. Some of these incur upfront expenditure that is not recovered for several years.

At the end of the year, we had funds of £164,601,000. They are held for a variety of purposes, to ensure that the Charity can operate as a going concern in the future and also fulfil its legal obligations. The funds are summarised below:

- Pension charged account fund of £6,386,000. This fund is a designated fund which has been created to help fund a buy-out of the legacy AQA defined benefit pension scheme with an insurance company at some time in the future.

The remainder of our funds are our general funds:

- Free reserves (£64,236,000) – are set at a level to allow us to deliver on our charitable objectives to enhance social mobility through qualifications in the future. We hold reserves in order to fund future enhancements to our operations and qualifications, and to provide a contingency for unexpected costs or loss of income.
- Fixed asset funds (£74,702,000) – represent the tangible and intangible assets of the Group, without which we could not operate.
- Pension reserves (£16,380,000) – this represents the net pension asset that is managed separately to our free reserves. We exclude the Section 28 of FRS 102 pension scheme surplus from the target level of reserves as we believe that we can meet contributions from projected future income without significantly impacting on planned levels of charitable activity.
- Investment revaluation reserve (£2,897,000) – represents the excess of market value of investments over their cost price.

When setting our free reserves target range we follow Charity Commission's guidance and consider our cash flow requirements and perform an assessment of the risks and obligations facing the organisation. Based on our assessment, our policy is to maintain free reserves in the range of £60 million to £70 million and as at year end we are within the target range. We continue to review the free reserves target, to ensure that the policy continues to reflect changes in the organisation.

AQA Education

Directors' and Trustees' Report including Strategic Report

Financial review (continued)

Going concern

The Board of Trustees has reviewed the financial position, considering the level of reserves and cash, and the system of financial control and risk management. They have undertaken sensitivity analysis and considered the potential impact of the cost of living crisis and changing political climate. Accordingly, we have a reasonable expectation that the Charity and the Group have adequate resources to continue in operational existence for the foreseeable future.

As a consequence, these financial statements are prepared on the going concern basis. The trustees consider that there are no material uncertainties about the Charity's and the Group's ability to continue as a going concern.

Investment powers and policy

AQA's investments are predominately held in UK and overseas equities, bonds and multi asset funds. The Investment Policy was reviewed during the year and is reviewed at least on a triennial basis.

We seek to adopt a well-diversified investment approach that balances potential return with appropriate risk. At the same time the trustees are aware that some level of volatility is inevitable with a good investment strategy and endeavour to spread the risk across different asset classes. The assets of the Charity are invested with a mandate to target an overall rate of return of 3% per annum above CPI but recognise the likely volatility and challenge in Global Markets for the foreseeable future. The results for the year show an overall net gain on investments of £4,411,000 (2023: loss £1,420,000). The results for the year are due to the favourable global market conditions. AQA's Investment Advisor is Cazenove Capital Management. Our long-term reserves are held in Cazenove's Responsible Multi-Asset Fund. This is a fund designed to enhance our ESG (Environmental, Social and Governance) standards.

The Trustees encourage their Investment Advisor to exercise, where feasible, the voting rights attached to the Charity's investments.

The Investment Advisor has regard to each investee company's approach to corporate governance and ethical and environmental issues when assessing the long-term financial merits of investing in each company's shares, and encourages companies to adhere to the UK Corporate Governance Code or equivalent other governance code. The Trustees believe that this approach to socially responsible investment is in the best financial interests of the Charity and does not place additional constraints on the Investment Advisor's freedom to choose investments. Some of the investments are held in pooled funds, some of which are index tracking funds and not actively managed and therefore the Investment Advisors have little scope to influence the investment direction of such funds. The Finance Committee may occasionally advise the Investment Advisor of entities or industries which they consider are not aligned with the objects of the Charity and therefore do not consider appropriate to invest in.

Our cash flow is highly seasonal, allowing us to strategically place excess working capital into high-interest savings accounts and liquidity funds. To diversify risk, we limit holdings to a maximum of £40 million per institution.

Fundraising

Given the nature of the Charity, there is no external fundraising, and no use of professional fundraisers, commercial participators or volunteers. As such, the requirements of the Charities Act 2011 in relation to statements on fundraising are not deemed to be applicable. The Charity does not hold any social investments and does not make grants. The expenditure heading "Expenditure on raising funds" in the Consolidated Statement of Financial Activities relates solely to investment management costs.

Events after the reporting date

The directors have not identified any adjusting events. FRS 102 requires, for non-adjusting events, disclosure of the nature of the event, and either an estimate of its financial effect or a statement that such an estimate cannot be made.

AQA Education

Directors' and Trustees' Report including Strategic Report

Financial review (continued)

Additional information

Our website, aqa.org.uk, contains up-to-date information on qualification specifications, exam timetables, events, teacher support, examiner recruitment, publications and other areas of the organisation's activities.

Statement of Trustees' responsibilities

The Trustees, who are also directors of AQA Education (Charitable Company) for the purposes of company law, are responsible for preparing the Directors' and Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Group and Charitable Company for that period.

In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

Financial statements are published on the Charitable Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Charitable Company's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Statement of disclosure of information to auditors

In so far as the Trustees are aware:

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

AQA Education

Directors' and Trustees' Report including Strategic Report

Statement of Trustees' responsibilities (continued)

APPOINTMENT OF AUDITORS

A resolution for the appointment of BDO LLP will be proposed at the Annual General Meeting for the ensuing year.

This report, including the Strategic Report, was approved by the Board of Trustees on 26 September 2024 and signed on its behalf by:



Anne Spackman

Director and Chair of the Board of Trustees



Paula Smith

Director and Trustee



Colin Hughes

Director and Trustee

AQA Education

Independent auditors' report to the members of AQA Education

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2024 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of AQA Education ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charitable Parent Statement of Financial Position, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements

AQA Education

Independent auditors' report to the members of AQA Education (continued)

themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' Report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

AQA Education

Independent auditors' report to the members of AQA Education (continued)

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on our understanding of the Group and the sector in which it operates; discussion with management, the Audit & Risk Compliance Committee, and those charged with governance; and obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations; we considered the significant laws and regulations to be the applicable accounting framework, being the Charities Act, Companies Act, Financial Reporting Standard 102, Charity Commission for England and Wales (Charity Commission) regulations and UK tax legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Review of serious incidents register.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, the Audit, Risk and Compliance Committee, those charged with governance and internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and the recognition of income.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- For significant estimates made by management, assessing for bias and challenging the assumptions made in relation to: the share of loss in joint venture; recognition of intangible assets; the fixed asset useful economic lives; the carrying value of goodwill; the value of retirement benefit obligations and the valuation of provisions; and
- Testing samples of revenue to supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

AQA Education

Independent auditors' report to the members of AQA Education (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Sarah Anderson

911B7AE40D374FC

Sarah Anderson (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Manchester, UK

15 October 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

AQA Education
Consolidated Statement of Financial Activities
for the year ended 31 March 2024

		<i>Unrestricted funds</i>	
	Note	2024 £000	2023 £000
Income:			
<i>Income from charitable activities:</i>			
Educational services	4	241,701	208,227
<i>Income from other trading activities:</i>			
Digital and consultancy services	4	7,274	7,628
Investment income	5	5,222	2,564
Profit on disposal of fixed assets		14,605	-
Total income		268,802	218,419
Expenditure:			
<i>Expenditure on charitable activities:</i>			
Educational services	6	245,148	241,725
<i>Expenditure on other trading activities:</i>			
Digital and consultancy services	6	7,028	8,055
<i>Expenditure on raising funds:</i>			
Investment management costs	5	73	131
Share of loss in joint venture	13	1,137	604
Total expenditure		253,386	250,515
Net Income / (expenditure) before tax		15,416	(32,096)
Deferred tax (charge) / credit	8	(1,600)	1,600
Net income / (expenditure) before actuarial and investment (losses)/ gains		13,816	(30,496)
Actuarial and investment (losses) / gains			
Net realised gains on investments	15	2,173	1,973
Net unrealised gains / (losses) on investments	15	2,238	(3,393)
Actuarial (losses) / gains on defined benefit pension schemes	27	(9,822)	31,943
Total actuarial and investment (losses) / gains		(5,411)	30,523
Net income and net movement in funds for the year		8,405	27
Reconciliation of funds			
Total funds brought forward		156,196	156,169
Total funds carried forward	22	164,601	156,196

The notes on pages 36 to 82 form part of these financial statements.

AQA Education
Consolidated and Charitable Parent Statement of Financial Position
as at 31 March 2024

		Group 2024	Charity 2024	Group 2023	Charity 2023
		£000	£000	£000	£000
Fixed Assets	Note				
Intangible assets	11	48,184	13,271	65,001	21,830
Tangible assets	12	26,518	19,264	26,226	17,721
Investment in subsidiary undertakings	13	-	22,421	-	26,449
Other fixed asset investments	15	53,359	53,359	48,687	48,687
Total Fixed Assets		128,061	108,315	139,914	114,687
Current Assets					
Stocks and work in progress	16	1,420	891	2,172	859
Debtors	17	114,288	142,576	114,152	157,697
Investments	18	56,662	56,662	58,771	58,771
Cash at bank and in hand		95,556	88,526	55,212	44,744
Total Current Assets		267,926	288,655	230,307	262,071
Liabilities					
Creditors: Amounts falling due within one year	19	(240,641)	(234,581)	(225,961)	(219,254)
Net Current Assets		27,285	54,074	4,346	42,817
Total Assets less Current Liabilities		155,346	162,389	144,260	157,504
Provisions for Liabilities and Charges	21	(7,125)	(2,398)	(12,567)	(7,389)
Net Assets Excluding Pension Asset and Liability		148,221	159,991	131,693	150,115
Defined benefit pension scheme asset	27	18,977	18,977	27,454	27,454
Defined benefit pension scheme liability	27	(2,597)	(2,597)	(2,951)	(2,951)
Total Net Assets		164,601	176,371	156,196	174,618
The Funds for the Group and Charity:					
Unrestricted Funds					
Designated funds		6,386	6,386	6,244	6,244
General funds		141,835	153,605	125,449	143,871
Pension fund		16,380	16,380	24,503	24,503
Total Funds	22	164,601	176,371	156,196	174,618

AQA Education
Consolidated and Charitable Parent Statement of Financial Position
(continued) as at 31 March 2024

The Consolidated Statement of Financial Activities incorporates the Summary Income and Expenditure Account. Income is derived from continuing operations. Net income and net movement in funds represents the surplus for the year for Companies Act 2006 purposes and includes a surplus of £1,793,000 relating to the parent (2023: deficit £252,000).

The notes on pages 36 to 82 form part of these financial statements. The company registration number is 3644723. The financial statements on pages 32 to 82 were approved and authorised for issue by the Board of Trustees on 26 September 2024 and signed on its behalf by:



Anne Spackman

Director and Chair of the Board of Trustees



Paula Smith

Director and Trustee



Colin Hughes

Director and Trustee

AQA Education
Consolidated Statement of Cash Flows
for the year ended 31 March 2024

	Note	Group 2024 £000	Group 2023 £000 Restated
Cash flows from operating activities:			
Net cash generated from operating activities	23	53,492	91,672
Cash flows from investing activities:			
Investment income	5	3,600	1,402
Purchase of tangible fixed assets	12	(10,703)	(10,323)
Proceeds from sale of fixed assets		4,277	-
Purchase of intangible fixed assets	11	(4,778)	(7,319)
Purchase of subsidiaries, net of cash acquired	14	(6,042)	(30,595)
Purchase of fixed assets investments	15	(20,470)	(25,365)
Proceeds from sale of fixed asset investments	15	19,783	20,859
Proceeds from redemption of current asset investments	18	75,310	17,500
Purchase of current asset investments	18	(73,201)	(75,450)
Investment in joint venture	13	(1,350)	(350)
Net cash used in investing activities		(13,574)	(109,641)
Increase / (decrease) in cash and cash equivalents in the year		39,918	(17,969)
Cash and cash equivalents at the beginning of the year		55,936	73,905
Cash and cash equivalents at the end of the year		95,854	55,936
Analysis of cash and cash equivalents movements during the year			
Decrease in cash held with fund managers	15	(426)	(4,083)
Increase / (decrease) in cash at bank and in hand		40,344	(13,886)
Total cash and cash equivalents movements during the year		39,918	(17,969)
Cash in fixed asset investments at the beginning of the year		724	4,807
Decrease in cash held with fund managers	15	(426)	(4,083)
Cash in fixed asset investments at the end of the year	15	298	724
Cash at bank and in hand at the beginning of the year		55,212	69,098
Increase/ (decrease) in cash at bank and in hand		40,344	(13,886)
Cash at bank and in hand at the end of the year		95,556	55,212
Analysis of cash and cash equivalents			
Cash in fixed asset investments at the end of the year	15	298	724
Cash at bank and in hand at the end of the year		95,556	55,212
Total cash and cash equivalents		95,854	55,936

Cash is higher in the current year due to early billing and therefore receipt of cash. Current asset investments are £56,662,000 compared to £58,771,000 last year.

Proceeds from sale of fixed assets has been adjusted for cash received in the prior and subsequent financial years.

The notes on pages 36 to 82 form part of these financial statements.

AQA Education

Notes to the Financial Statements

for the year ended 31 March 2024

1 General information

AQA Education (AQA) is a company limited by guarantee (registered company number 3644723 in England and Wales) and a registered charity (registered charity number 1073334 in England and Wales). It is incorporated under the Memorandum and Articles of Association and is incorporated and domiciled in England. The address of its registered office is Devas Street, Manchester, M15 6EX.

In the event of the Company being wound up, every Trustee undertakes to contribute to the assets of the company while such a person is a Trustee, or within one year afterwards, for payment of debts and liabilities of the company contracted before that Trustee ceases to be a trustee, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required, not exceeding one pound.

2 Statement of compliance

These financial statements have been prepared in accordance with the Statement of Recommended Practice “Accounting and Reporting by Charities” (Charities SORP (FRS 102)) applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective January 2019), Companies Act 2006 and the Charities Act 2011.

AQA meets the definition of a public benefit entity under FRS 102.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The Charity has adapted the Companies Act 2006 formats to reflect the Charities SORP (FRS 102) and the special nature of the Charity’s activities.

The Charity has taken advantage of the exemption in section 408 of the Companies Act 2006 from presenting its individual Statement of Financial Activities. They have also taken advantage of the exemption in paragraph 1.12b of FRS 102 from preparing an individual Statement of Cash Flows, on the basis that it is a qualifying entity and the Consolidated Statement of Cash Flows, included in these financial statements, includes the Charity’s cash flows.

(b) Going concern

The Charity’s and the Group’s business activities, its current financial position and factors likely to affect its future development are set out in the Strategic Report. The Charity and the Group have in place healthy liquidity which provides adequate resources to finance committed reinvestment and educational programmes, along with the Group’s and the Charity’s day to day operations.

The Board of Trustees have assessed the future funding requirements of the Charity and the Group and compared it to the level of cash resources. The assessment included a review of the financial forecasts and the preparation of sensitivity analysis on the key factors which could affect future cash flow.

AQA Education

Notes to the Financial Statements

for the year ended 31 March 2024

3 Summary of significant accounting policies (continued)

(b) Going concern (continued)

Having undertaken the review, the Board of Trustees has a reasonable expectation that the Charity and the Group have adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. For this reason, it continues to adopt the going concern basis in the financial statements.

The Trustees consider that there are no material uncertainties about the Charity's and the Group's ability to continue as a going concern.

(c) Basis of consolidation

The Group consolidated financial statements include the financial statements of AQA and its subsidiary undertakings: AQA Assessment Services Limited, Doublestruck Limited, AlphaPlus Consultancy Limited, AC3 Solutions Limited, Blutick Limited, AQA Commercial Services Limited, Training Qualifications UK Limited and GradeMaker Limited. The consolidated accounts only include the period from acquisition to 31 March for entities acquired during the year.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of financial activities from the date on which control is obtained. They are deconsolidated from the date control ceases.

The net income and net movement in funds for the year for the Charity were £1,793,000 surplus (2023: £252,000 deficit) and total funds at the year-end were £176,371,000 (2023: £174,618,000).

(i) Subsidiaries

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in subsidiary undertakings are stated at cost, including those costs associated with the acquisitions, less provision for any impairment in value. Where events or changes in circumstances indicate that the carrying amount of an investment may not be recoverable, an impairment review is performed. An impairment write down is recognised to the extent that the carrying amount of the asset exceeds the higher of the fair value less costs to sell or value in use.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control. Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated statement of financial activities.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. All of the subsidiaries have a year end of 31 March with the exception of AlphaPlus Consultancy Limited with a year end of 30 September, Blutick Limited with a year end of 30 April and GradeMaker with a year end of 31 December. However, for the purpose of the Group accounts the figures cover the period from 1 April 2023 (or date of acquisition) to 31 March 2024.

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

3 Summary of significant accounting policies (continued)

(c) Basis of consolidation (continued)

(ii) *Joint ventures*

Investments in joint arrangements can take the form of jointly controlled operations, jointly controlled assets, or jointly controlled entities. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. AQA has a joint venture classified as a jointly controlled entity.

AQA has invested in a jointly controlled entity (Oxford International AQA Examinations Limited). AQA owns 50% of the issued share capital. A joint venture agreement has been signed by both parties.

Interests in jointly controlled entities are accounted for using the equity method (mentioned below) after initially being recognised at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognised at cost (including transaction costs) and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the consolidated statement of financial activities. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy "Impairment of non-financial assets" mentioned later in this note.

AQA's share of the loss of the joint venture is recognised in the consolidated statement of financial activities.

(d) Income recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount for goods supplied or services rendered, net of value added tax.

The Group recognises revenue when (a) it obtains entitlement to the income; (b) the Group retains no continuing involvement or control over the goods or services; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and; (e) when the specific criteria relating to each of the sales channels have been met, as described below.

(i) *Provision of examination services*

Income for the provision of examination services is recognised when all services associated with the qualification are substantially completed. Income received in advance of the examination series is deferred and recognised when the examination series takes place.

For post results services income is recognised when the amount of the revenue and the stage of completion can be measured reliably.

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

3 Summary of significant accounting policies (continued)

(d) Income recognition (*continued*)

(ii) *Events*

Income for the provision of events is recognised when the event takes place.

(iii) *Centre inspection services*

Income is recognised for centre inspection services on a straight line basis over the period of the contract. Invoices are raised quarterly in arrears.

(iv) *Provision of teacher support materials*

Revenue from the sale of digital courseware products is recognised on straight line basis over the period of the subscription. For individual sales, the revenue is recognised when control is passed to the customer when the digital product is made available.

(v) *Digital services*

Revenue from services such as scanning are recognised in the accounting period in which the work on the services is performed and the obligations have been satisfied in accordance with the customers' agreed requirements.

Sales of scanning machines and associated equipment are recognised when the products have been delivered to the customer and it is probable that economic benefits associated with the transaction will flow to the Company. Maintenance service contracts are recognised on a straight-line basis over the period of the contract.

(vi) *Educational consultancy services*

Revenue for educational consultancy services is recognised when the services are complete, with revenue for services ongoing over the year end shown as work in progress on the balance sheet. Profit on work in progress contracts is recognised when the outcome of the contracts can be assessed with reasonable certainty, the stage of completion can be measured reliably and the costs incurred and costs to complete can be measured reliably. The amount recognised is that which is estimated to reflect fairly the profit arising up to the reporting date. Profit on work in progress contracts is recognised as the difference between the reported revenue and related costs. When a contract is expected to be loss making the expected loss is recognised as an expense immediately.

(vii) *Subscription services*

Subscription income is received in advance of the period to which it relates and is deferred on a straight line basis over the subscription period.

(viii) *Awarding and assessment services*

Revenue from contracts for the provision of educational services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised and it is probable they will be recovered. Depending on commercial billing terms agreed with each customer, income will need to be accrued or deferred, such amounts are recorded within accrued income within trade and other receivables or deferred income within trade and other payables.

AQA Education

Notes to the Financial Statements

for the year ended 31 March 2024

3 Summary of significant accounting policies (continued)

(e) Fund accounting

General funds are available to spend on activities that further any of the purposes of the Charity. Designated funds are unrestricted funds of the Charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

(f) Expenditure recognition and irrecoverable value added tax

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

The majority of AQA's supplies are exempt for value added tax purposes. As a result, AQA is only able to recover a small percentage of its input tax. The amount not recoverable is charged in the consolidated statement of financial activities under the appropriate cost category or added to the cost of fixed assets.

Expenditure is classified under the following activity headings:

(i) *Charitable activities*

These costs relate to services provided centrally and identified as wholly or mainly in delivery of direct charitable activities, together with an appropriate proportion of management and office overheads undertaken to further the purposes of the Charity and their associated support costs.

(ii) *Governance and support costs*

Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include back office costs, finance, IT, personnel and payroll. Governance costs comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs. These costs all relate to expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 9.

Governance costs relate to the corporate management of the organisation itself. They include expenses of Trustees' meetings, audit fees, office relocation costs and other corporate management costs.

(iii) *Other trading activities*

These costs relate to non-charitable services provided by subsidiary undertakings, AQA Assessment Services Limited and AlphaPlus Consultancy Limited. It includes direct costs as well as overhead costs.

(iv) *Raising funds*

Costs for raising funds relate to the management of other fixed asset investments by the investment advisors and fund managers.

AQA Education

Notes to the Financial Statements

for the year ended 31 March 2024

3 Summary of significant accounting policies (continued)

(g) Income and expenditure on examinations

Examination fees and training course fees received in advance are deferred and recognised in the year the examinations and meetings take place. Expenditure on question papers and on fees and expenses of examiners are expensed when they are incurred.

(h) *Employee benefits*

The Group provides a range of benefits to employees, including holiday pay, defined benefit and defined contribution pension plans.

(i) *Short-term benefits*

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the year in which the service is received.

(ii) *Defined contribution pension plans*

A defined contribution plan is a pension plan under which the employee and Group pays fixed contributions into a separate entity. Once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts due but not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

(iii) *Defined benefit pension plans*

The Charity operates defined benefit plans for employees. During the year, the principal defined benefit scheme for AQA's staff was the AQA Pension Scheme. AQA also has unfunded pension liabilities which represent augmented pensions for members of staff who are no longer employees of AQA. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The defined benefit section of the AQA Pension Scheme and the unfunded augmented pension liabilities are accounted for as defined benefit schemes under section 28 of FRS 102. The defined benefit section of the AQA Pension Scheme was closed to new entrants from July 2006 and to future accruals from January 2011. In the prior year AQA also participated in the Greater Manchester Pension Fund (GMPF), which is an externally funded defined benefit pension scheme, where AQA's share of the total scheme's underlying assets and liabilities can be separately identified. On 28 February 2023, AQA ceased participation in the scheme and settled the scheme for an amount of £33,576,000 which is the net of loss on scheme assets of £107,314,000 and gain on defined benefit obligations of £73,738,000. Unfunded pension liabilities represent the liability of unfunded pensions for former employees of AQA.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities of individual members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme. AQA has also contributed to the Teacher's Pension Scheme which is a multi-employer defined benefit scheme where it is not possible to separately identify the assets and liabilities for each participating employer. Accordingly, contributions are treated as defined contribution schemes for accounting purposes.

AQA Education

Notes to the Financial Statements

for the year ended 31 March 2024

3 Summary of significant accounting policies (continued)

(h) Employee benefits (continued)

(iii) *Defined benefit pension plans (continued)*

A liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date. A defined benefit asset is recognised where there is a plan surplus which can be recovered in future through a refund to AQA.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by applying an appropriate discount rate to the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments.

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited or charged respectively to the consolidated statement of financial activities. Full actuarial valuations of pension schemes are performed every three years. The last completed full actuarial valuation of the AQA Pension Scheme was at 30 September 2021.

The net interest cost or credit is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. A cost is recognised within expenditure on charitable activities while a credit is recognised within 'Net investment income'.

(i) Business combinations and goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is aggregate of the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is recognised where the payment of consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

3 Summary of significant accounting policies (continued)

(i) Business combinations and goodwill (continued)

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values of the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life which is estimated to be between 3 to 10 years. At the time of acquisition management perform an assessment of expected useful life in order to determine the most appropriate expected useful life. As part of this assessment management consider probability of the entity achieving its KPI's, forecasts and any fair value adjustments identified. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the consolidated statement of financial activities.

In accordance with Section 35.10(a) of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations affected prior to the date of transition.

(j) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation commences when the software or development project is ready for use. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software – 3 years
Development costs – up to 5 years

Amortisation is charged to expenditure on charitable activities in the consolidated statement of financial activities.

The assets are reviewed for indicators of impairment and if these are present, the asset will be impaired to the recoverable amount.

Intangible assets acquired as part of a business combination are measured at fair value at the acquisition date.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

3 Summary of significant accounting policies (continued)

(j) Intangible assets (continued)

(i) *Specification development*

Expenditure on the development of specifications and related teacher support materials is charged to the consolidated statement of financial activities in the year in which the expenditure is incurred.

(ii) *Systems development*

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets.

(iii) *Research and development expenditure*

Research expenditure is charged to the consolidated statement of financial activities in the year in which the expenditure is incurred.

Costs incurred on development projects are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, costs can be measured reliably and resources are available to complete the project. Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year.

(k) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

The useful economic lives and residual value of fixed assets are periodically reviewed. The effect of any change is accounted for prospectively.

Depreciation commences from the date an asset is brought into service. The charge for depreciation is calculated so as to write off the cost, less estimated realisable value, of each asset on a straight line basis over its expected useful life.

Freehold buildings	25 - 40 years
Leasehold land and buildings	Term of the lease
Assets under construction	Not depreciated
Furniture, equipment and vehicles:	
Office fixtures & fittings and equipment	3 - 10 years
Motor vehicles	4 years
IT equipment	3 years

Freehold land is not depreciated.

AQA Education

Notes to the Financial Statements

for the year ended 31 March 2024

3 Summary of significant accounting policies (continued)

(k) Tangible fixed assets and depreciation (continued)

For the purposes of the Charities SORP (FRS102), all tangible fixed assets of AQA Education are considered to be functional assets of the Charity. Tangible assets costing more than £10,000 per individual item or Group of related items are capitalised in the year of acquisition. Items costing less than £10,000 are charged to the consolidated statement of financial activities when incurred.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the consolidated statement of financial activities.

(l) Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating lease

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the consolidated statement of financial activities on a straight-line basis over the period of the lease.

(ii) Lease incentive

Incentives received to enter into an operating lease are credited to the consolidated statement of financial activities, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Group and Charity have taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 October 2014) and continue to credit such lease incentives to the consolidated statement of financial activities over the period to the first review date on which the rent is adjusted to market rates.

(m) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax, obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss is recognised in the consolidated statement of financial activities.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the consolidated statement of financial activities.

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

3 Summary of significant accounting policies (continued)

(n) Stocks

The purchase of materials, goods and examination materials are written off in the year of examination. Printing stocks and consumables are valued at the lower of cost and estimated selling price less cost to complete and sell.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including irrecoverable taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition.

At the end of each reporting year stocks are assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the consolidated statement of financial activities. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the consolidated statement of financial activities.

(o) Cash and cash equivalents

Cash and cash equivalents includes cash at bank, deposits held with banks and cash held by investment managers (presented within other fixed asset investments on the balance sheet). Investments balances that are liquid but are not used to fund short term commitments are held in current investments.

(p) Fixed asset investments

(i) *Investments in subsidiaries*

In the charity's individual accounts, investments in subsidiary undertakings are measured at cost less accumulated impairment.

(ii) *Investments in quoted company shares, bonds, investment funds, unit trusts and open-ended investment companies*

Investments in quoted company shares, bonds, investment funds, unit trusts and open-ended investment companies are stated at market value. Please see note 15 for further details.

(q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The timing or the amount of the future expenditure required to settle the obligation is uncertain.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

3 Summary of significant accounting policies (continued)

(q) Provisions (continued)

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(r) Donations received under gift aid

Donations received under gift aid from Group entities are recognised when the funds are received by the Charity. Subsidiaries will remit charitable donations to the Charity based on the previous reporting period's financial performance, however they have no legal obligation to do so.

(s) Financial instruments

The Group has adopted Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) *Financial assets*

Basic financial assets, including trade and other debtors, amounts owed by fellow undertakings and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the consolidated statement of financial activities.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the consolidated statement of financial activities.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value as at the reporting date using the closing quoted market price. The consolidated statement of financial activities includes the changes in fair value, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment. These long term investments, whilst highly liquid, are included in fixed assets, as there is no intention to draw down on them in the next year or indeed in the near future.

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

3 Summary of significant accounting policies (continued)

(s) Financial instruments (continued)

(i) *Financial assets (continued)*

All gains and losses are taken to the consolidated statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their original purchase cost. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their original purchase cost.

The main form of financial risk faced by the Charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) *Financial liabilities*

Basic financial liabilities, including trade and other creditors and amounts owed to fellow Group companies that are classified as debt, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Basic financial liabilities including debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

The Group does not currently use derivatives to manage its financial risks.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(t) Key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

3 Summary of significant accounting policies (continued)

(t) Critical accounting judgements and key source of estimation uncertainty (continued)

Critical judgements in applying the entity's accounting policies:

(i) *Share of loss in joint venture*

The Charity has invested in a jointly controlled entity (Oxford International AQA Examinations Limited) in which it owns 50% of the issued share capital. The Charity's share of losses is in excess of its interest in the entity. Management have elected to recognise the excess amount within provisions for liabilities as they consider they have a continuing commitment to those students studying for their exams if the jointly controlled entity were to cease trading.

(ii) *Intangible assets - software*

The capitalisation of software development costs on the balance sheet depends on the assessment of future economic benefit arising from future use and is accordingly a matter of judgement.

(iii) *Fixed asset useful economic lives*

Depreciation and amortisation charges are recognised to write down assets to their residual values over their useful economic lives. The determination of these residual values and estimated lives requires the exercise of management judgement.

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

3 Summary of significant accounting policies (continued)

(u) Key accounting estimates and assumptions

(i) *Carrying value of goodwill*

The Group reviews the indicators of impairment annually to identify whether goodwill has suffered any impairment, in accordance with the accounting policy stated. The recoverable amounts of cash generating units have been determined based on value-in-use calculations.

(ii) *Retirement benefit obligations*

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depends on a number of factors, including: life expectancy, salary increases, and the discount rate on corporate bonds. Management estimates these factors in determining the pension obligations in the balance sheet. The assumptions reflect historical experience and current trends.

Note 27 details the actuarial assumptions used in determining the carrying amount at 31 March 2024.

(iii) *Provisions*

Provisions made for share of loss in Joint Venture, reorganisation costs, withdrawn learners and dilapidations require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Also included within provisions is contingent consideration, this is additional consideration that could be due to the previous shareholders of the group's acquisitions. The amounts are based on profit and other qualitative targets placed on the business in the years following acquisition. Consequently, management must estimate the businesses performance against such targets in order to estimate the additional consideration payable.

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

4 Income from charitable and other trading activities

	Unrestricted funds	
	2024	2023
	£000	£000
Educational Services - United Kingdom fee income	239,709	206,276
Educational Services – Overseas fee income	1,992	1,951
Total income from charitable activities	241,701	208,227
Digital and Consultancy Services – United Kingdom	7,274	7,394
Digital and Consultancy Services – Overseas	-	234
Total income from other trading activities	7,274	7,628

5 Investment income and management costs

	Unrestricted funds	
	2024	2023
	£000	£000
Interest – UK deposits	3,255	844
Dividends	345	558
	3,600	1,402
Net credit to other finance income on defined pension scheme assets and liabilities (note 27)	1,623	1,162
Total investment income	5,223	2,564
Investment manager fees	(73)	(131)
Total investment management costs	(73)	(131)
Net investment income	5,150	2,433

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

6 Charitable and other trading expenditure

	2024	2024	2024	2023	2023	2023
	Educational	Digital and	Total	Educational	Digital and	Total
	services	consultancy		services	consultancy	
	£000	services	£000	£000	services	£000
Operational costs:						
Examiner costs	64,188	-	64,188	60,552	-	60,552
Printing postage and other examination costs	7,543	-	7,543	7,259	-	7,259
Premises costs	2,838	-	2,838	3,387	27	3,414
Direct staff costs	76,446	3,678	80,124	62,055	2,919	64,974
Operating lease rentals	1,582	-	1,582	1,706	9	1,715
Non-capital IT costs	25,429	-	25,429	21,633	1	21,634
Depreciation	2,207	32	2,239	1,623	36	1,659
Amortisation of goodwill	5,822	-	5,822	2,460	-	2,460
Amortisation of intangibles	13,878	-	13,878	16,247	3	16,250
Loss on disposal	-	-	-	51	5	56
Overheads	10,952	365	11,317	6,493	1,076	7,569
Restructuring costs	716	-	716	236	-	236
Consultancy	11,585	2,922	14,507	4,348	3,952	8,300
Governance costs (note 9)	705	31	736	682	27	709
Other support costs (note 9)	16,146	-	16,146	19,417	-	19,417
	240,037	7,028	247,065	208,149	8,055	216,204
Non-operational costs:						
GMPF Pension Settlement cost (note 27)	-	-	-	33,576	-	33,576
Software impairment	396	-	396	-	-	-
Goodwill impairment	4,715	-	4,715	-	-	-
Total	245,148	7,028	252,176	241,725	8,055	249,780

7 Summary analysis of expenditure and related income for charitable activities

	2024	2023
	Total	Total
	£000	£000
Income from charitable activities:		
Fees and charges	241,701	208,227
Total income	241,701	208,227
Expenditure on charitable activities:		
Staff costs	(92,604)	(81,487)
Operational costs	(147,433)	(126,662)
Non-operational costs	(5,111)	(33,576)
Total expenditure	(245,148)	(241,725)
Total deficit from charitable activities	(3,447)	(33,498)

AQA Education

Notes to the Financial Statements

for the year ended 31 March 2024

8 **Taxation**

AQA is a charity and therefore claims exemption from corporation tax. Subsidiary trading companies make donations under gift aid to the Charity, equal to taxable profits, within 9 months of the balance sheet date, and thus do not have corporation tax charges or liabilities.

In the previous year, a deferred tax asset of £1,600,000 was recognised for the expected utilisation of tax losses against future taxable profits. In the current year, no deferred tax asset has been recognised and the £1,600,000 has been charged to the Consolidated Income Statement. It is now estimated that no tax losses will be utilised. The deferred tax asset unprovided at the year-end is £2,032,000 (2023: £922,000).

9 **Analysis of governance and support costs**

The Group initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the charitable activities undertaken (see note 6) in the year. The basis of allocation between education and digital and consultancy services depends on the nature of services provided by the entity in which the costs arise. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

	Other support costs	Governance costs	2024 Total	Basis of allocation
	£000	£000	£000	
Employment costs	16,146	15	16,161	Staff time
Trustee expenses	-	8	8	Invoiced events
Internal audit services	-	373	373	Governance
External auditor – audit services:				
Audit of consolidated and Charity financial statements	-	162	162	Governance
Audit of the subsidiary financial statements	-	175	175	Governance
Other services	-	3	3	Governance
Total	16,146	736	16,882	

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Notes to the Financial Statements
for the year ended 31 March 2024

9 Analysis of governance and support costs (continued)

	Support costs	Governance costs	2023 Total £000	Basis of allocation
	£000	£000	£000	
Employment costs	19,417	15	19,432	Staff time
Trustee expenses	-	2	2	Invoiced events
Internal audit services	-	432	432	Governance
External auditor – audit services:				
Audit of consolidated and Charity financial statements	-	125	125	Governance
Audit of the subsidiary financial statements	-	131	131	Governance
Other services	-	4	4	Governance
Total	19,417	709	20,126	

As the Charity is unable to recover input VAT, the fee for the audit of consolidated and Charity financial statements includes VAT. External audit fee net of VAT for audit of consolidated and Charity financial statements was £135,200 (2023: £104,500). External audit fee net of VAT for audit of the subsidiary financial statements financial statements was £143,800 (2023: £115,140). Fee net of VAT for assurance in relation to Certification of teacher's pension scheme £2,175 (2023: £3,400).

10 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2024 £000	2023 £000
Wages and salaries	75,496	65,097
Social security costs	7,123	6,287
Pension costs		
- Defined benefit employer contributions	735	1,756
- Defined contribution pension costs	7,059	7,455
	90,413	80,595
Other staff related costs	5,872	3,811
	96,285	84,406

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Notes to the Financial Statements

for the year ended 31 March 2024

10 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel (continued)

Termination payments of £678,000 (2023: £649,000) were made in the year, due to a change in the staffing structure.

	2024 Number	2023 Number
Average monthly number of employees and temporary staff (all of whom are directly or indirectly employed in the administration of examinations).		
By activity:		
Educational services	1,270	1,168
Support and administration	442	458
Digital and consultancy services	132	48
	1,844	1,674

Having received Charity Commission permission £15,000 (2023: £15,000) was paid to Mr van Wijngaarden in his role as Chair of the Trustees. The Trustees have been reimbursed for all expenses incurred by them in connection with their attendance at meetings of the Board, other committees or general meeting of the Charity or otherwise in connection with their discharge of their duties as Trustees. Travelling and subsistence expenses amounting to £8,101 (2023: £2,321), were reimbursed to 12 (2023: 6) trustees.

The key management personnel of the parent Charity comprise the Executive Team alongside the Trustees of the Charity. The total remuneration of the key management personnel of the Charity over the full year was £1,876,000 (2023: £1,995,000). The remuneration of the Chief Executive Officer, who is also a Trustee, was £373,000 (2023: £348,000). Remuneration for key management personnel and Chief Executive Officer includes employer pension contributions, employers' national insurance, termination payments and benefits in kind. During the year a termination payment of £125,000 was paid to one member of key management personnel.

The key management personnel of the Group comprise those of the Charity and the key management personnel of its wholly owned subsidiaries. The remuneration of the key management personnel of the subsidiaries totalled £1,649,000 (2023: £1,276,000). The increase year on year is due to acquisitions of subsidiaries during the year. The total remuneration of the key management personnel for the Group was £3,525,000 (2023: £3,271,000).

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Notes to the Financial Statements

for the year ended 31 March 2024

10 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel (continued)

There were 273 (2023: 200) employees whose emoluments, excluding pension contributions and employers' national insurance, but including benefits in kind and termination payments, were in excess of £60,000.

Group

	Year ended 31 March 2024 Number	Year ended 31 March 2023 Number
Higher paid employees fell within the following bands:		
£60,001 to £70,000	125	97
£70,001 to £80,000	66	45
£80,001 to £90,000	35	16
£90,001 to £100,000	15	15
£100,001 to £110,000	12	9
£110,001 to £120,000	7	5
£120,001 to £130,000	2	1
£130,001 to £140,000	2	3
£140,001 to £150,000	2	1
£150,001 to £160,000	2	1
£160,001 to £170,000	1	1
£170,001 to £180,000	-	2
£180,001 to £190,000	-	2
£190,001 to £200,000	2	-
£210,001 to £220,000	-	1
£280,001 to £290,000	1	-
£300,001 to £310,000	-	1
£330,001 to £340,000	1	-

The number of employees whose emoluments exceeded £60,000 have increased year on year due to a combination of factors including an increase in headcount and annual salary pay rises.

Contributions by the employer were made to defined benefit pension schemes for 29 (2023: 31) higher paid employees. Contributions amounting to £1,661,000 (2023: £1,456,000) were made to defined contribution schemes for 261 (2023: 193) higher paid employees. Pension contributions have increased in line with the number of higher paid employees. The AQA Pension scheme includes both defined benefit and defined contribution elements.

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Notes to the Financial Statements
for the year ended 31 March 2024

11 Intangible assets

Group	Goodwill	Software	Development expenditure	Assets under development	Total
	£000	£000	£000	£000	£000
COST					
At 1 April 2023	51,138	68,633	15,099	8,913	143,783
Additions from acquisitions	-	1,744	-	-	1,744
Additions	4,498	1,099	-	3,679	9,276
Transfer	-	12,592	-	(12,592)	-
Reduction in contingent consideration	(3,026)	-	-	-	(3,026)
At 31 March 2024	52,610	84,068	15,099	-	151,777
ACCUMULATED AMORTISATION					
At 1 April 2023	9,130	54,553	15,099	-	78,782
Amortisation charge for the year	5,822	13,878	-	-	19,700
Impairment	4,715	396	-	-	5,111
At 31 March 2024	19,667	68,827	15,099	-	103,593
NET BOOK VALUE					
At 31 March 2024	32,943	15,241	-	-	48,184
At 31 March 2023	42,008	14,080	-	8,913	65,001

Goodwill and Software impairments reflect the unexpected loss of customer contracts during the year which resulted in a decrease to subsidiary revenues and cash flows. Additionally, a review of subsidiary's business and software performance concluded that it did not meet expectations due to inadequate technology. Consequently, we decided to decommission the asset and invest in an alternative solution.

Charity	Goodwill	Software	Assets under development	Total
	£000	£000	£000	£000
COST				
At 1 April 2023	-	65,912	8,913	74,825
Additions from Hive up	171	500	-	671
Additions	-	143	3,679	3,822
Transfer	-	12,592	(12,592)	-
At 31 March 2024	171	79,147	-	79,318
ACCUMULATED AMORTISATION				
At 1 April 2023	-	52,995	-	52,995
Accumulated amortisation from Hive up	6	28	-	34
Amortisation charge for the year	34	12,984	-	13,018
At 31 March 2024	40	66,007	-	66,047
NET BOOK VALUE				
At 31 March 2024	131	13,140	-	13,271
At 31 March 2023	-	12,917	8,913	21,830

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Notes to the Financial Statements

for the year ended 31 March 2024

11 Intangible assets (continued)

Software includes £nil (2023: £8,964,000) relating to the net book value for Nexus, our bespoke exam processing system. This was fully amortised during the year. It also includes £10,635,000 (2023: included in assets under development £8,913,000) relating to our new ERP system. Amortisation is due to finish in the 2026/27 financial year.

12 Tangible fixed assets

Group	Freehold Land & Buildings £000	Leasehold Land & Buildings £000	IT Equipment £000	Furniture, Equipment and Vehicles £000	Assets under construction £000	Total £000
COST						
At 1 April 2023	2,534	17,634	3,220	14,547	9,307	47,242
Additions	-	1,647	306	3,056	5,694	10,703
Transfer	-	15,001	-	-	(15,001)	-
Disposals	(2,084)	(15,107)	(2)	(2,464)	-	(19,657)
At 31 March 2024	450	19,175	3,524	15,139	-	38,288
ACCUMULATED DEPRECIATION						
At 1 April 2023	901	9,389	2,982	7,744	-	21,016
Charge for the year	28	828	169	1,214	-	2,239
On disposals	(929)	(8,090)	(2)	(2,464)	-	(11,485)
At 31 March 2024	-	2,127	3,149	6,494	-	11,770
NET BOOK VALUE						
At 31 March 2024	450	17,048	375	8,645	-	26,518
At 31 March 2023	1,633	8,245	238	6,803	9,307	26,226

Charity	Leasehold Land & Buildings £000	IT Equipment £000	Furniture, Equipment and Vehicles £000	Assets under construction £000	Total £000
COST					
At 1 April 2023	17,634	2,348	2,472	9,307	31,761
Additions	1,647	243	2,134	5,694	9,718
Transfer	15,001	-	-	(15,001)	-
Disposals	(15,106)	(39)	(2,282)	-	(17,427)
At 31 March 2024	19,176	2,552	2,324	-	24,052
ACCUMULATED DEPRECIATION					
At 1 April 2023	9,389	2,348	2,303	-	14,040
Charge for the year	828	47	188	-	1,063
On disposals	(8,093)	(39)	(2,183)	-	(10,315)
At 31 March 2024	2,124	2,356	308	-	4,788
NET BOOK VALUE					
At 31 March 2024	17,052	196	2,016	-	19,264
At 31 March 2023	8,245	-	169	9,307	17,721

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Notes to the Financial Statements
for the year ended 31 March 2024

13 Investment in subsidiary undertakings and joint ventures

(a) Cost of investment in subsidiary undertakings

	2024	2023
	£000	£000
At 1 April 2023	26,449	24,432
Additions		
AlphaPlus Consultancy Limited	-	1
Blutick Limited	-	1,339
AC3 Solutions Limited	-	677
GradeMaker Limited	6,128	-
	6,128	2,017
Group reorganisation - share for share exchange (see below)*		
Blutick Limited	-	(1,339)
Doublestruck Limited	-	(5,826)
AlphaPlus Consultancy Limited	-	(11,299)
AQA Assessment Services Limited	(7,308)	-
GradeMaker Limited	(6,128)	-
AQA Commercial Services Limited	13,436	18,464
	-	-
Other Movements		
AQA Commercial Services Limited (Blutick impairment)	(1,339)	-
AQA Commercial Services Limited (GradeMaker impairment)	(6,128)	-
AQA Commercial Services Limited (AlphaPlus impairment)	(2,012)	-
AC3 Solutions Limited (Hive Up)	(677)	-
	(10,156)	-
At 31 March 2024		
AQA Assessment Services Limited	-	7,308
AC3 Solutions Limited	-	677
AQA Commercial Services Limited	22,421	18,464
	22,421	26,449

The impairments above are the impacts to the Charity of the same impairments described in note 11, Intangible Assets of the Group.

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Notes to the Financial Statements

for the year ended 31 March 2024

13 Investment in subsidiary undertakings and joint ventures (continued)

A list of the subsidiary undertakings is provided below:

Name of the entity	Company Number	Registered Office Address	Parent Entity	% of ownership interest
AQA Assessment Services Limited	05568337	Devas Street, Manchester, M15 6EX	AQA Commercial Services Limited	100%
AC3 Solutions Limited	08453864	Devas Street, Manchester, M15 6EX	AQA Education	100%
AQA Commercial Services Limited	14299239	Devas Street, Manchester, M15 6EX	AQA Education	100%
AlphaPlus Consultancy Limited	04801609	Devas Street, Manchester, M15 6EX	AQA Commercial Services Limited	100%
Training Qualifications UK Limited	07827508	Crossgate House, Cross Street, Sale, M33 7FT	AQA Commercial Services Limited	100%
Doublestruck Limited	02373295	Devas Street, Manchester, M15 6EX	AQA Commercial Services Limited	100%
Blutick Limited	11318113	Devas Street, Manchester, M15 6EX	Doublestruck Limited	100%
GradeMaker Limited*	08936673	Devas Street, Manchester, M15 6EX	AQA Assessment Services Limited	100%

*On 1 December 2023, the shares of GradeMaker Limited were transferred from AQA Education to AQA Assessment Services Limited. AQA Assessment Services Limited was then transferred to AQA Commercial Services Limited on 31 March 2024. The remaining transfers were made in exchange for shares in AQA Commercial Services Limited on 31 March 2024. This has been done as part of a reorganisation of the Group structure, and has been accounted for in the relevant entities financial statements in accordance with merger accounting.

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Notes to the Financial Statements

for the year ended 31 March 2024

13 Investment in subsidiary undertakings and joint ventures (continued)

The summarised financial information of the subsidiary undertakings is provided below:

	Gross Income	Expenditure	Profit/(loss) for the year	Assets	Liabilities	Funds / Reserves
	2024	2024	2024	2024	2024	2024
	£000	£000	£000	£000	£000	£000
AQA Assessment Services Limited	27,513	(13,048)	14,465	12,366	(2,646)	9,720
AC3 Solutions Limited	113	(56)	57	-	-	-
AQA Commercial Services Limited	6,132	(3,579)	2,553	62,576	(38,541)	24,035
AlphaPlus Consultancy Limited	7,274	(7,028)	246	4,196	(762)	3,434
Training Qualifications UK Limited	11,638	(8,998)	2,640	6,872	(2,237)	4,635
Doublestruck Limited	5,892	(4,020)	1,872	3,695	(3,509)	186
Blutick Limited	41	(143)	(102)	-	-	-
GradeMaker Limited	336	(1,183)	(847)	-	-	-

Figures for GradeMaker Limited represent the period from acquisition to 31 March 2024. AC3 Solutions Limited, Blutick Limited and GradeMaker Limited have nil assets and liabilities as they have been hived up into their respective parent.

	Gross Income	Expenditure	Profit/(loss) for the year	Assets	Liabilities	Funds / Reserves
	2023	2023	2023	2023	2023	2023
	£000	£000	£000	£000	£000	£000
AQA Assessment Services Limited	23,136	U(21,873)	1,263	11,806	(16,552)	(4,746)
AC3 Solutions Limited	68	(13)	55	184	(111)	73
AQA Commercial Services Limited	-	(941)	(941)	59,429	(41,905)	17,524
AlphaPlus Consultancy Limited	7,422	(7,093)	329	4,983	(1,409)	3,574
Training Qualifications UK Limited	2,348	(1,864)	484	9,559	(1,863)	7,696
Doublestruck Limited	5,130	(5,063)	67	5,228	(3,289)	1,939
Blutick Limited	2	(68)	(66)	7	(54)	(47)

Figures for Blutick Limited (acquired 8 November 2022), AC3 Solutions Limited (acquired 4 December 2022), AQA Commercial Services Limited (incorporated 16 August 2022) and Training Qualifications UK Limited (acquired 14 December 2022) represent the period from acquisition to 31 March 2023.

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Notes to the Financial Statements

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13 Investment in subsidiary undertakings and joint ventures (continued)

(b) Cost of investment in joint venture

	2024	2023
	£000	£000
At 1 April 2023	(733)	(479)
Funding payments	1,350	350
Share of loss	(1,137)	(604)
At 31 March 2024	(520)	(733)

AQA's share of the accumulated losses of the joint venture which exceeds the amount invested is included within provisions for liabilities and charges on the balance sheet and is stated at cost less impairment. During the year, an addition of £1,350,000 (2023: £350,000) was made to the cost of the investment.

The joint venture listed below has share capital consisting solely of ordinary shares, which is held directly by the Group.

Name of the entity	Place of business/country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Oxford International AQA Examinations Limited	United Kingdom	50	See below	Equity

Oxford International AQA Examinations Limited offers a suite of international GCSE, AS and A-level qualifications to schools outside the UK that teach a British curriculum. The qualifications are designed and delivered by AQA and externally validated to ensure they are comparable to UK qualifications.

The business made a loss in the year, in line with expectations at this stage of its growth and the AQA Trustees remain positive about future trading. AQA remains committed to funding its share of the jointly controlled entity.

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Notes to the Financial Statements

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14 Acquisition of subsidiaries

On 1 April 2023, AQA acquired 100% of the share capital of GradeMaker Limited, a private limited company registered in England and Wales which is an assessment-authoring and item-banking software used to develop exams.

In calculating the goodwill arising on acquisition, we reviewed the financial information and nature of the business and confirm that there are no fair value adjustments however there was a need to recognise an intangible asset for Intellectual Property. The goodwill balance is attributed to the support the software will provide to the current operations of the AQA Group.

	Book value £'000	Fair value adjustments £'000	Fair value £'000
<i>Assets</i>			
Intangible fixed assets	-	1,744	1,744
Debtors	198	-	198
Cash at bank and in hand	86	-	86
Total assets	284	1,744	2,028
<i>Creditors</i>			
Due within one year	(398)	-	(398)
Net assets	(114)	1,744	1,630
Goodwill (note 11)			4,498
Total purchase consideration (including expenses of £286,000)			6,128
Purchase consideration settled in cash			6,128
Total consideration			6,128
Purchase consideration settled in cash			6,128
Cash and cash equivalents in subsidiary acquired			(86)
Cash outflow on acquisition			6,042

The useful economic life of goodwill was estimated to be 5 years when purchased during the year but was fully impaired by the year end.

Since the acquisition date, GradeMaker Limited has contributed £336,000 to Group turnover and a deficit of £847,000 to Group net income.

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15 Other fixed asset investments

Investments

	Group & Charity 2024 £000	Group & Charity 2023 £000
Market value at 1 April 2023	48,687	49,685
Additions at cost	20,470	25,365
Disposals at market value (i.e. sales proceeds)	(19,783)	(20,859)
Net movements in cash held with fund managers	(426)	(4,083)
Net investment gains/(losses)	4,411	(1,420)
Market value at 31 March 2024	53,359	48,687
Cost at 31 March 2024	50,472	48,038
Balance on net unrealised gain reserve	2,887	649

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

15 Other fixed asset investments (continued)

Analysis of market value of investments held

	Group & Charity 2024 £000	% of total	Group & Charity 2023 £000	% of total
Equities				
United Kingdom	79	0.1	543	1.1
Overseas	1,930	3.6	11,178	23.0
Bonds				
United Kingdom	453	0.8	2,070	4.2
Overseas	702	1.3	1,938	4.0
Multi asset funds	48,743	91.4	26,995	55.4
Alternatives				
Hedge funds	109	0.2	371	0.8
Property	459	0.9	1,366	2.8
Commodities	167	0.3	998	2.1
Other	419	0.8	2,504	5.1
Cash held with fund managers	298	0.6	724	1.5
	53,359	100	48,687	100

All investments are carried at their fair value. Investment in equities and bonds are all traded in quoted public markets, such as the London Stock Exchange. Holdings in multi asset funds and other investments are as advised by the fund managers. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

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Notes to the Financial Statements
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16 Stocks and work in progress

	Group	Charity	Group	Charity
	2024	2024	2023	2023
	£000	£000	£000	£000
Raw materials	-	-	1,172	-
Finished goods	1,420	891	1,000	859
	1,420	891	2,172	859

The balances above are shown net of a provision amounting to £nil (2023: £119,000).

17 Debtors

	Group	Charity	Group	Charity
	2024	2024	2023	2023
	£000	£000	£000	£000
Trade debtors	90,821	85,933	99,134	95,418
Amounts owed by Group undertakings	-	35,856	-	51,350
Amount due from related party	462	462	274	274
Deferred tax asset	-	-	1,600	-
Other debtors	15,529	15,518	6,287	6,208
Prepayments and accrued income	7,476	4,807	6,857	4,447
	114,288	142,576	114,152	157,697

Trade debtors are lower year on year due to billing for the summer 2024 series being issued earlier compared to prior year for the summer 2023 series, resulting in more cash being received before the financial year end.

Prepayments and accrued income includes £484,000 (2023: £582,000) falling due after more than one year.

Other debtors includes £15,349,000 (2023: £2,500,000) in relation to the surrender proceeds for the property in Guildford. It also includes £169,000 (2023: £185,000) falling due after more than one year.

Amounts due from Group undertakings are unsecured. Loans are repayable on demand with twelve months' notice and interest is charged at an annual commercial rate of 4.75% over the base rate. Loans arranged before 31 March 2022 use the Royal Bank of Scotland base rate, those arranged afterwards use the Bank of England base rate.

18 Current investments

Investments totalling £56,662,000 (2023: £58,771,000) shown under current assets for the Group and Charity are represented by shares in the BlackRock Institutional Sterling Liquidity Fund and Goldman Sachs Sterling Liquid Reserves Fund. These are deemed to be highly liquid funds. It is management's intention that these funds are held for investment purposes and as such do not form part of cash and cash equivalents.

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Notes to the Financial Statements
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19 Creditors: amounts falling due within one year

	Group 2024 £000	Charity 2024 £000	Group 2023 £000	Charity 2023 £000
Trade creditors	4,655	3,983	7,104	6,377
Amounts owed to Group undertakings	-	1,462	-	2,221
Taxation and social security costs	2,779	2,001	2,493	1,507
Other creditors	1,199	790	2,100	621
Accruals and deferred income	232,008	226,345	214,264	208,528
	240,641	234,581	225,961	219,254

Amounts due to Group undertakings are unsecured. Loans are repayable on demand with twelve months' notice and interest is charged at an annual commercial rate of 4.75% over the Royal Bank of Scotland base rate.

The movement on deferred income during the year was:

	Group 2024 £000	Charity 2024 £000	Group 2023 £000	Charity 2023 £000
Balance at 1 April 2023	206,134	202,350	180,727	178,215
Amount deferred in the year	221,625	217,699	206,057	202,350
Amount released in the year	(206,134)	(202,350)	(180,650)	(178,215)
Balance at 31 March 2024	221,625	217,699	206,134	202,350

Income for the provision of examination services is recognised when all services associated with the qualification are substantially completed. Income received in advance of the examination series is deferred and recognised when the examination series takes place.

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Notes to the Financial Statements
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20 Financial instruments

The Group and Charity have the following financial instruments:

	Note	Group 2024 £000	Charity 2024 £000	Group 2023 £000	Charity 2023 £000
Financial assets measured at fair value through consolidated statement of financial activities:					
Investment in securities					
Equities	15	2,009	2,009	11,721	11,721
Bonds	15	1,115	1,115	4,008	4,008
Multi asset funds	15	48,744	48,744	26,995	26,995
Alternatives	15	1,154	1,154	5,239	5,239
Cash held with fund managers	15	297	297	724	724
Short-term deposits	18	138,253	138,253	58,771	58,771
		191,572	191,572	107,458	107,458

The Group's activities expose it to a variety of financial risks: market risk (including price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Details on the Group's exposure to each type of risk and how it manages those risks are detailed in 'Financial risk management' section of the Strategic Report.

AQA Education

Notes to the Financial Statements

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21 Provisions for liabilities and charges

Group	Contingent consideration £000	Leasehold dilapidations £000	Share of loss in joint venture £000	Other provisions £000	Total £000
Balance at 1 April 2023	8,962	2,593	733	279	12,567
Provided in the year	-	161	1,137	283	1,581
Utilised in the year	(1,362)	-	(1,350)	-	(2,712)
Reduction in estimate	(3,026)	-	-	-	(3,026)
Released to SOFA	-	(1,285)	-	-	(1,285)
Balance at 31 March 2024	4,574	1,469	520	562	7,125

Charity	Contingent consideration £000	Leasehold dilapidations £000	Share of loss in joint venture £000	Other provisions £000	Total £000
Balance at 1 April 2023	4,933	1,721	733	2	7,389
Provided in the year	-	85	1,137	-	1,222
Utilised in the year	(1,362)	-	(1,350)	-	(2,712)
Reduction in estimate	(2,216)	-	-	-	(2,216)
Released to SOFA	-	(1,285)	-	-	(1,285)
Balance at 31 March 2024	1,355	521	520	2	2,398

Contingent consideration

This provision relates to future consideration due for the acquisition of AlphaPlus Consultancy Limited and Training Qualifications UK Limited. Actual consideration will be calculated based on performance of the entities in the post-acquisition period. The provision represents management's forecasts for these companies.

Other provisions

Other provisions includes £560,000 (2023: £277,000) relating to potential withdrawing learners, that have registered on qualifications. Other provisions also includes £2,000 (2023: £2,000) relating to estimated costs of changes to staffing structures.

Leasehold dilapidations

As part of the property leasing arrangements there is an obligation to repair damages and make good leasehold properties when they are vacated. The provision is expected to be utilised between 2023 and 2108 as the leases terminate.

Share of loss in joint venture

The share of loss in the joint venture relates to AQA's share of the loss in the Oxford International AQA Examinations Limited entity which is jointly held with Oxford University Press. The provision will be offset against future profits of the joint venture.

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

22 Total Charity Funds

Analysis of movements in unrestricted funds

Group	1 April 2023	Net Income / (expenditure)	Investment and actuarial gains / (losses)	Transfers	31 March 2024
	£000	£000	£000	£000	£000
Designated funds					
Pension fund	6,244	-	-	142	6,386
Total designated funds	6,244	-	-	142	6,386
Unrestricted general funds					
General unrestricted funds	75,583	29,933	2,173	(43,443)	64,246
Fixed asset fund	49,217	(16,117)	-	41,602	74,702
Investment revaluation reserve	649	-	2,238	-	2,887
Total unrestricted general funds	125,449	13,816	4,411	(1,841)	141,835
Unrestricted funds before pension asset	131,693	13,816	4,411	(1,699)	148,221
Net pension asset	24,503	-	(9,822)	1,699	16,380
Total Group funds	156,196	13,816	(5,411)	-	164,601

The pension fund is a designated fund which has been created to help fund a buy-out of the pension scheme with an insurance company at some time in the future.

Analysis of net assets between funds 2024

Group	Designated fund	General fund	Pension fund	Total unrestricted funds
Intangible assets	-	48,184	-	48,184
Tangible assets	-	26,518	-	26,518
Investments	-	53,359	-	53,359
Current assets	6,386	261,540	-	267,926
Liabilities	-	(240,641)	-	(240,641)
Provisions	-	(7,125)	-	(7,125)
Pension reserve	-	-	16,380	16,380
Total net assets	6,386	141,835	16,380	164,601

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

22 Total Charity Funds (continued)

Analysis of movements in unrestricted funds

Charity	1 April 2023	Movement on reserves	Net income / (expenditure)	Investment and actuarial gains/(losses)	Transfers	31 March 2024
	£000	£000	£000	£000	£000	£000
Designated funds						
Pension fund	6,244	-	-	-	142	6,386
Total designated funds	6,244	-	-	-	142	6,386
Unrestricted general funds						
General unrestricted funds	103,672	(40)	21,251	2,173	(8,872)	118,184
Fixed asset fund	39,550	-	(14,047)	-	7,031	32,534
Investment revaluation reserve	649	-	-	2,238	-	2,887
Total unrestricted general funds	143,871	(40)	7,204	4,411	(1,841)	153,605
Unrestricted funds before pension asset	150,115	(40)	7,204	4,411	(1,699)	159,991
Net pension asset	24,503	-	-	(9,822)	1,699	16,380
Total charity funds	174,618	(40)	7,204	(5,411)	-	176,371

The pension fund is a designated fund which has been created to help fund a buy-out of the pension scheme with an insurance company at some time in the future.

The movement on reserves relates to the brought forward amortisation of goodwill on hive up of AC3 solutions Limited to AQA Education.

Analysis of net assets between funds 2024

Charity	Designated fund	General fund	Pension fund	Total unrestricted funds
Intangible assets	-	13,271	-	13,271
Tangible assets	-	19,264	-	19,264
Investment in subsidiary undertakings	-	22,421	-	22,421
Investments	-	53,359	-	53,359
Current assets	6,386	282,269	-	288,655
Liabilities	-	(234,581)	-	(234,581)
Provisions	-	(2,398)	-	(2,398)
Pension reserve	-	-	16,380	16,380
Total net assets	6,386	153,605	16,380	176,371

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

22 Total Charity Funds (continued)

Analysis of movements in unrestricted funds

Group	1 April 2022	Net income / (expenditure)	Investment and actuarial gains/(losses)	Transfers	31 March 2023
	£000	£000	£000	£000	£000
Designated funds					
Pension fund	4,501	-	-	1,743	6,244
Total designated funds	4,501	-	-	1,743	6,244
Unrestricted general funds					
General unrestricted funds	73,548	(12,587)	1,973	12,649	75,583
Fixed asset fund	48,365	(17,909)	-	18,761	49,217
Investment revaluation reserve	4,042	-	(3,393)	-	649
Total unrestricted general funds	125,955	(30,496)	(1,420)	31,410	125,449
Unrestricted funds before pension asset	130,456	(30,496)	(1,420)	33,153	131,693
Net pension asset	25,713	-	31,943	(33,153)	24,503
Total Group funds	156,169	(30,496)	30,523	-	156,196

The pension fund is a designated fund which has been created to help fund a buy-out of the pension scheme with an insurance company at some time in the future.

Analysis of net assets between funds 2023

Group	Designated fund	General fund	Pension fund	Total unrestricted funds
Intangible assets	-	65,001	-	65,001
Tangible assets	-	26,226	-	26,226
Investments	-	48,687	-	48,687
Current assets	6,244	224,063	-	230,307
Liabilities	-	(225,961)	-	(225,961)
Provisions	-	(12,567)	-	(12,567)
Pension reserve	-	-	24,503	24,503
Total net assets	6,244	125,449	24,503	156,196

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

22 Total Charity Funds (continued)

Analysis of movements in unrestricted funds

	1 April 2022	Net Income	Investment and actuarial gains / (losses)	Transfers	31 March 2023
Charity	£000	£000	£000	£000	£000
Designated funds					
Pension fund	4,501	-	-	1,743	6,244
Total designated funds	4,501	-	-	1,743	6,244
Unrestricted general funds					
General unrestricted funds	101,026	(14,339)	1,973	15,012	103,672
Fixed asset fund	39,588	(16,436)	-	16,398	39,550
Investment revaluation reserve	4,042	-	(3,393)	-	649
Total unrestricted general funds	144,656	(30,775)	(1,420)	31,410	143,871
Unrestricted funds before pension asset	149,157	(30,775)	(1,420)	33,153	150,115
Net pension asset	25,713	-	31,943	(33,153)	24,503
Total charity funds	174,870	(30,775)	30,523	-	174,618

The pension charge fund accounts is a designated fund which has been created to help fund a buy-out of the pension scheme with an insurance company at some time in the future.

Analysis of net assets between funds 2023

Charity	Designated fund	General fund	Pension fund	Total unrestricted funds
Intangible assets	-	21,830	-	21,830
Tangible assets	-	17,721	-	17,721
Investment in subsidiary undertakings	-	26,449	-	26,449
Investments	-	48,687	-	48,687
Current assets	6,244	255,827	-	262,071
Liabilities	-	(219,254)	-	(219,254)
Provisions	-	(7,389)	-	(7,389)
Pension reserve	-	-	24,503	24,503
Total net assets	6,244	143,871	24,503	174,618

AQA Education

Notes to the Financial Statements

for the year ended 31 March 2024

22 Total Charity Funds (continued)

Transfer of funds from general unrestricted funds to fixed asset fund and pension charged accounts is to reallocate resources received to further invest in our fixed assets and contribute to our pension escrow account to fund a buy-out of the pension scheme.

23 Net cash generated from operations

Reconciliation of net income to net cash generated from operations

	Group	
	2024	2023
	£000	£000
Net income/(expenditure) after tax	13,816	(30,496)
Net investment income excluding net finance income on defined benefit pension schemes	(3,600)	(1,402)
Depreciation	2,239	1,659
(Profit)/ loss on disposal of tangible fixed assets	(14,605)	56
Amortisation of intangibles	19,700	18,710
Impairment of intangibles	8,138	-
Decrease in stocks	752	102
Decrease in debtors	15,411	43,567
Increase in creditors	17,432	27,718
Decrease in provisions	(4,092)	(1,395)
Post-employment benefits cost less payments	(1,699)	33,153
Net cash generated from operations	53,492	91,672

Movement on debtors and creditors has been adjusted for sale proceeds received in the prior and subsequent years.

Analysis of changes in net debt

	At 1 April 2023	Cash flows	Purchase of subsidiaries, net of cash acquired	At 31 March 2024
	£000	£000	£000	£000
Other fixed asset investments cash	724	(426)	-	298
Cash at bank and in hand	55,212	46,386	(6,042)	95,556
Total cash and cash equivalents	55,936	45,960	(6,042)	95,854

Included in the cash at bank and in hand balance at 31 March 2024 is £6,386,000 (2023: £6,243,000) relating to a pension fund account to help fund a buy-out of the AQA Pension Scheme with an insurance company at some time in the future.

AQA Education

Notes to the Financial Statements

for the year ended 31 March 2024

24 Operating lease commitments

At 31 March AQA had the following future minimum lease payments under non-cancellable operating leases, for each of the following years:

	Group	Charity	Group	Charity
	2024	2024	2023	2023
	£000	£000	£000	£000
Not later than one year	1,634	873	1,926	1,056
Later than one year and not later than five years	5,424	3,166	6,073	3,328
Later than five years	5,987	3,735	6,868	4,145
	13,045	7,774	14,867	8,529

25 Capital commitments

There were £nil capital commitments contracted for at 31 March 2024 but not provided for (2023: £1,850,000) in relation to contracts for software systems.

AQA Education

Notes to the Financial Statements

for the year ended 31 March 2024

26 Related party transactions

In the prior year AQA provided ACSL, a loan facility of up to £40,000,000 with drawdowns charged at 4.75% above the Bank of England base rate. At the year-end, the loan balance was £33,910,000 (2023: £36,507,000), including £3,536,000 in interest charged to the SOFA (2023: £911,000) and a repayment of £6,133,000 (2023: Nil). The loan is repayable on demand and secured by a fixed and floating charge against all company assets. In addition, £1,369,000 (2023: £361,000) was owed to AQA Education relating to other expenses paid on behalf of ACSL.

During the year, AQA charged Doublestruck £503,000 (2023: £420,000) for royalty fees, Doublestruck charged AQA £150,000 (2023: £75,000) for loan interest and Doublestruck paid Gift Aid of £1,985,000 (2023: £1,933,000) to AQA. At the year-end, Doublestruck owed AQA £132,000 (2023: £114,000) in respect of unpaid royalties and the balance on the loan owed to Doublestruck was £825,000 (2023: £1,916,000), £25,000 (2023: £16,000) of which relates to unpaid interest. Interest is charged at 4.75% above the Royal Bank of Scotland base rate, and the balance is repayable on demand with 12 months' notice.

During the year, AASL charged AQA £22,718,000 (2023: £19,703,000) for digital and IT services, AQA charged AASL £1,169,000 (2023: £729,000) for loan interest and £886,000 (2023: £449,000) for management charges. At the year-end AASL owed AQA £445,000 (2023: £95,000) for services performed and £nil (2023: £13,977,000) in respect of the loan and accrued interest which was written off AASL's transfer from AQA to ACSL. The total loan facility available to AASL from AQA is £20,000,000, with interest charged at 4.75% above the Royal Bank of Scotland base rate, repayable on demand with 12 months' notice.

During the year, AQA provided funding to Blutick of £250,000 (2023: £50,000), the amounts were fully repaid in the year.

AlphaPlus performed consultancy services for AQA during the year and charged £54,000 (2023: £94,000), at the year-end, £nil (2023: £59,000) was owed by AQA.

There have been no related party transactions to disclose with AC3 Solutions in the reporting year, and there are no outstanding balances at the year-end date.

During the year, Training Qualifications UK paid £6,133,000 dividend to AQA Commercial Services Limited. There are no outstanding balances with related parties as at the year-end date.

The amounts recharged to the joint venture, Oxford International AQA Examinations Limited, in the year were £2,751,000 (2023: £1,468,000). As at the year-end, the balance due to AQA was £274,000 (2023: £274,000). During the year an addition of £1,350,000 (2023: £350,000) was made to the cost of investment by a 0% interest loan. Total cost of investment was £7,650,000 (2023: £6,300,000). AQA's share of the accumulated losses of the joint venture, which exceeds the amount invested, is included within provisions for liabilities and charges on the balance sheet and is stated at cost less impairment resulting in a provision of £520,000 (2023: £733,000).

During the year, the shares of GradeMaker Limited were transferred from AQA to AQA Assessment Services and shares of AQA Assessment Services were transferred from AQA to AQA Commercial Services. The shares were transferred in exchange for additional shares in the company. This was done as part of a group structure reorganisation and has been accounted for in the relevant entities financial statements in accordance with merger accounting. Please see note 13 for further details.

Trustee and key management remuneration are disclosed in Note 10.

AQA Education

Notes to the Financial Statements

for the year ended 31 March 2024

27 Retirement benefits

AQA participated in a defined benefit pension scheme, the AQA Pension Scheme, as well as two national, Teacher Pension Scheme (TPS) and University Superannuation Scheme (USS), defined benefit schemes. In accordance with section 28 of FRS 102, unfunded pension liabilities are included in the defined benefit pension schemes liability for the two principal schemes.

USS and TPS are multi-employer defined benefit schemes where it is not possible to separately identify the assets and liabilities for each participating employer. Accordingly, contributions are treated as defined contribution schemes for accounting purposes. The net balance sheet asset for the aggregation of the schemes is detailed as follows:

	2024	2023
	£000	£000
Total AQA employer contributions	735	1,756

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

	2024	2023
	£000	£000
The AQA Pension Scheme	18,977	27,454

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

	2024	2023
	£000	£000
Unfunded pension liabilities	2,360	2,567
USS	237	384
	2,597	2,951

During the year, AQA operated the AQA Pension Scheme which incorporates a defined benefit section providing benefits based on pensionable salary. The assets of the scheme were held separately from those of AQA being invested in trustee administered funds. The defined benefit section of the scheme was closed to new entrants from July 2006 and to future accruals from January 2011.

The plan is administered by independent trustees, who are responsible for ensuring that the plan is sufficiently funded to meet current and future obligations. The last completed full actuarial valuation of the Pension Scheme was at 30 September 2021.

On 28 February 2023, AQA ceased participation in the Greater Manchester Pension Fund (GMPF), an externally funded defined benefit pension scheme and settled the scheme.

Unfunded pension liabilities represent the liability of unfunded pensions for former employees of AQA.

AQA continues to review its pension scheme offering and is committed to providing a high-quality, fair and consistent employee offer to all colleagues.

AQA Education

Notes to the Financial Statements

for the year ended 31 March 2024

27 Retirement benefits (continued)

AQA has recognised the surplus on the AQA Pensions Scheme as the rules of the scheme mean the Pension Trustees do not have a unilateral right to trigger a wind-up, thereby allowing the scheme, to be run-off until the death of the final beneficiary, with a refund of the surplus then being available to the company.

Principal actuarial assumptions

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

	2024 % per annum	2023 % per annum
Price increases	2.85 – 3.25	2.90 – 3.30
Pension increases - in payment	2.15 – 3.00	2.15 – 2.95
Pension increases - deferred	2.85	2.80
Salary increases	3.35	3.40
Discount rate	4.80	4.70

The figures presented in these disclosures are based on the mortality assumptions adopted for the latest funding valuation with additional margins for prudence removed. For the AQA scheme the tables used are 95.1% (2023: 95.1%) of S2PxA (96.6% (2023: 96.6%) of S2PxA) tables for males (females); future improvements are in line with the CMI 2022 projections subject to a long term trend rate of 1.25% (2023: 1.25%). Example life expectancies from age 65 are: 21.5 (2023: 21.9) years for males and 24.0 (2023: 24.3) years for females, currently aged 65; and 22.8 (2023: 23.2) years for males and 25.4 (2023: 25.7) years for females, currently aged 45.

For the unfunded arrangements the same tables as the AQA liabilities are used but these are adjusted to reflect the assumed higher life expectancy of these members, specifically 95.1% (2023: 95.1%) of S3PxA for males and 96.6% (2023: 96.6%) S2PxA for females; future improvements are in line with the CMI 2022 projections subject to a long term trend rate of 1.25% (2023: 1.25%). Example life expectancies from age 65 are: 24.2 (2023: 24.6) years for males and 26.7 (2023: 27.0) years for females, currently aged 65; and 25.4 (2023: 25.8) years for males and 28.0 (2023: 28.3) years for females, currently aged 45.

Statement of financial position disclosures

The amounts recognised in the statement of financial position are as follows:

	Net Pension Asset		Net Pension Liabilities		Total	
	2024	2023	2024	2023	2024	2023
	£000	£000	£000	£000	£000	£000
Fair value of scheme assets	129,682	139,325	-	-	129,682	139,325
Present value of liabilities	(110,705)	(111,871)	(2,597)	(2,951)	(113,302)	(114,822)
Net pension asset/(liability)	18,977	27,454	(2,597)	(2,951)	16,380	24,503

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

27 Retirement benefits (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2024	2023
	%	%
Equities	20.3	18.5
Property	-	3.4
Bonds	34.9	36.7
Hedge Funds	2.3	6.1
Cash and other	42.5	35.3
Total	100.0	100.0

Consolidated statement of financial activities disclosures

Amounts recognised in the consolidated statement of financial activities before net expenditure

	2024	2023
	£000	£000
Current service cost	174	1,272
Past service cost	(1,096)	-
Scheme administration expenses	1,580	1,223
Net interest on asset	(1,623)	(1,162)
Loss on settlement of GMPF Scheme	-	33,576
Total	(965)	34,909

Actual loss on scheme assets

The actual loss on plan assets was:

	2024	2023
	£000	£000
Interest income	6,429	7,620
Loss on plan assets excluding interest income	(10,945)	(59,712)
Actual loss on scheme assets	(4,516)	(52,092)

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

27 Retirement benefits (continued)

Changes in the present value of the defined benefit obligations

	2024	2023
	£000	£000
Opening defined benefit obligations	114,822	278,718
Current service cost	174	1,272
Past service cost	(1,096)	-
Interest cost	4,807	6,458
Contributions by members	77	277
Actuarial gains	(1,123)	(91,655)
Gain on settlement	-	(73,738)
Benefits paid	(4,359)	(6,510)
Closing defined benefit obligations	113,302	114,822

Changes in the fair value of the scheme assets

	2024	2023
	£000	£000
Opening fair value of scheme assets	139,325	304,431
(Loss) on scheme assets excluding interest income	(10,945)	(59,712)
Interest income	6,429	7,620
Contributions by members	77	277
Contributions by employer	735	1,756
Scheme administration expenses	(1,580)	(1,223)
Benefits paid	(4,359)	(6,510)
Loss on settlement	-	(107,314)
Closing fair value of scheme assets	129,682	139,325

On 28 February 2023, AQA ceased participation in the GMPF scheme and settled the scheme for an amount of £33,576,000 which is the net of loss on scheme assets of £107,314,000 and gain on defined benefit obligations of £73,738,000.

The sum of actuarial gains on scheme assets £1,123,000 (2023: £91,655,000) and loss on scheme assets excluding interest income was £10,945,000 (2023: £59,712,000) agrees back to the actuarial loss on defined benefit pension scheme in the consolidated Statement of Financial Activities £9,822,000 (2023: £31,943,000 gain).

AQA Education

Notes to the Financial Statements

for the year ended 31 March 2024

27 Retirement Benefits (continued)

Multi-employer defined benefit schemes

AQA participated in two (2023: two) multi-employer defined benefit schemes where it is not possible to separately identify the assets and liabilities for each participating employer. Accordingly, under section 28 of FRS 102, the schemes were treated as defined contribution scheme for accounting purposes.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers employed by AQA. TPS is an unfunded multi-employer pension scheme where it is not possible to identify AQA's share of the scheme's assets and liabilities. Accordingly, under Section 28 of FRS 102, AQA has accounted for its contributions to the scheme as if it were a defined contribution scheme. Below is set out the information available on the scheme.

TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament. The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education on 26 October 2023. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 28.6% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. The next valuation result has been implemented from 1 April 2024.

Other defined benefit pension schemes

The University Superannuation Scheme (USS), which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contributions benefits. The assets of the scheme are held in a separate trustee-administered fund. USS is a multi-employer scheme and is accounted for as set out in the accounting policies. The total amount charged to the Consolidated Statement of Financial Activities was £147,000 gain (2023: £384,000 cost). Deficit recovery contributions due within one year are £nil (2023: £53,000). Future service contribution rates set at 14.5% (2023: 21.6%) of pensionable salary. The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2023 ("the valuation date"), which was carried out using the projected unit method. Since the institution cannot identify its share of USS Income Builder (defined benefit) assets and liabilities, the disclosures reflect those relevant for those assets and liabilities as a whole. The liability figures have been produced using the following assumptions: discount rate 3.8% (2023: 4.7%) and pensionable salary growth CPI +0.5%.

AQA Education
Notes to the Financial Statements
for the year ended 31 March 2024

27 Retirement Benefits (continued)

Defined contribution schemes

During the year, the total amount charged to the consolidated statement of financial activities in relation to defined contribution schemes (including the defined benefit schemes accounted for as defined contribution schemes under section 28 of FRS 102) amounted to £7,794,000 (2023: £9,211,000). The amount charged includes contributions to the AQA defined contribution scheme. Contributions payable to the schemes at the year-end was £nil (2023: £541,000).

28 Events after the reporting date

Management has not identified any adjusting events. FRS 102 requires, for non-adjusting events, disclosure of the nature of the event, and either an estimate of its financial effect or a statement that such an estimate cannot be made.

29 Exemption from audit by parent guarantee

Audit exemptions have been applied under s479A-479C of the Companies Act 2006 by the provision of parent guarantee by AQA, ultimate parent company, to AC3 Solutions Limited (company number: 08453864), Blutick Limited (company number: 11318113) and GradeMaker (company number: 08936673).

30 Prior period adjustment – restatement of consolidated statement of cash flows

In the 2023 consolidated statement of cash flows, cash inflows and cash outflows relating to current asset investments were presented net in error.

The change has split the increase in current investments of £57,950,000 into proceeds from redemption of current asset investments of £17,500,000 and purchase of current asset investments of £75,450,000.

Legal and administrative details

Registered office

AQA Education
Devas Street
Manchester
M15 6EX
Tel: 0800 197 7162
www.aqa.org.uk
Registered company number: 03644723 (England and Wales)
Registered charity number: 1073334 (England and Wales)

Bankers, investment advisers and auditors

Bankers

NatWest Bank
250 Bishopsgate
London
EC2M 4AA

Independent Investment Advisors

Cazenove Capital Management
1 London Wall Place
London
EC2Y 5AU

Independent External Auditors

BDO LLP
Eden Building
Irwell Street
Salford
Manchester
M3 5EN

Internal Auditors

Deloitte LLP
1 New St Square
London
EC4A 3HQ