Qualifications and Curriculum Development Agency

Annual Report and Accounts 2011 – 2012

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Management Commentary

Background

1 The Qualifications and Curriculum Development Agency (QCDA) came into existence as a new statutory body on 01 April 2010 having been demerged from the Qualifications and Curriculum Authority; also demerged was the new regulator (Ofqual). The Apprenticeships Skills, Children and Learning Act 2009 (ASCL) received Royal Assent on 12 November 2009 and both QCDA and Ofqual were vested on 01 April 2010.

2 In May 2010, the new Coalition Government announced its intention to introduce legislation to abolish QCDA. In line with the Government's vision for education reform it was proposed that some of the functions performed by QCDA should be discharged differently in the future, as part of the Department for Education (DfE) with direct Ministerial accountability or through other bodies. Some other QCDA functions would cease.

3 During 2011-12 QCDA comprised the operating organisation that is QCDA and a wholly owned subsidiary company, QCDA Enterprises Limited, the main function of which was to deliver optional test materials for schools until 01 October 2011 when this remit ceased. The results for the QCDA Group are consolidated in accordance with Financial Reporting Standard 2.

4 QCDA was financed by Grant-in-Aid from the DfE. Accounts are prepared in accordance with the accounts direction issued by the Secretary of State for Education and with the Government Financial Reporting Manual (FReM) for Non Departmental Public Bodies.

5 This is the final annual report and accounts for QCDA; QCDA closed with effect from 01 April 2012.

QCDA Board

6 Members of QCDA's Board were appointed by the Secretary of State for Education. The period of appointment for each member is set out in the table below.

QCDA Board Membership

QCDA Board	Period of appointment at QCDA	Committee member
Chairman Mr Christopher Trinick	01 November 2008 to 31 March 2012	Nominations (Chair) (from November 2008) Remuneration (from November 2008)
Deputy Chairman (from December 2008) Mr Mike Beasley	01 October 2003 to 31 March 2012	Remuneration (Chair) (from November 2008) Risk (Chair) (from July 2009 to December 2010) Risk Advisory Group (from January 2011) Nominations (from August 2009)
Ms Rose Collinson	01 February 2009 to 31 March 2012	
Mr Scott Dobbie	01 February 2009 to 31 March 2012	Audit (from March 2009) Risk (from July 2009 to December 2010) Risk Advisory Group (from January 2011)
Mr Maurice Smith	01 February 2009 to 31 March 2012	Audit (from May 2009 – Chair from 17 June 2010)
Mrs Elizabeth Reid	19 October 2009 to 31 October 2012	Risk (from June 2010 to December 2010) Risk Advisory Group (from January 2011)
Mr John Fairhurst	19 October 2009 to 31 October 2012	
Mr Roy Clare	19 October 2009 to 30 April 2011	Audit (from May 2010 to April 2011)
Ms Felicity Everiss	14 June 2011 to 31 March 2012	
Ms Lin Hinnigan Acting Chief Executive	01 April 2010 to 31 March 2012	Audit (from April 2010) Risk (from April 2010 to December 2010) Remuneration (from April 2010)

7 Each member completed a register of interests, which is available for inspection at DfE offices at 53-55 Butts Road, Earlsdon Park, Butts Road, Coventry by prior arrangement during normal business hours.

8 The QCDA Board was responsible for supervising and directing the organisation's affairs. In ensuring that QCDA fulfilled its remit the Board had a number of key functions including: monitoring the performance of the QCDA Executive and Senior Management Team; providing input and advice to the Executive on major strategic and operational issues including transition and closure activities; and ensuring that all governance and fiduciary responsibilities are discharged.

9 The QCDA Board had a number of sub-committees. The Audit Committee dealt with the development and implementation of policies for auditing, financial and management controls and monitoring of the effectiveness of all levels of management in the use of QCDA's resources. The Risk Advisory Group provided direct and flexible support to the Transition and Closure Programme. The Remuneration Committee dealt with pay of the Executive and Directors, along with maintaining oversight of pay and conditions for the next tier of staff.

Headquarters and staff

10 QCDA's headquarters were at 53-55 Butts Road, Earlsdon Park, Coventry, CV1 3BH. QCDA employed an average of 194 (2010-11: 470 restated) staff during the period covered by this report.

Payment of creditors

11 QCDA remained fully committed to the prompt payment of its bills and observed the CBI's Better Payment Practice Code. QCDA aimed to pay bills in accordance with agreed contractual conditions or, where no conditions existed, within 30 days of receipt of goods and services or the presentation of a valid invoice, whichever was the later. In the year to March 2012 97.3% (2010-11: 95.5%) of valid invoices were paid within 30 days of the date of the invoice.

Working cash balance

12 The QCDA working cash balance as at 31 March 2011 was £nil.

Auditors

13 Under paragraph 18 (3) schedule 4 of the Education Act 1997, the Comptroller and Auditor General is required to examine, certify and report on the financial statements of account. The cost of the statutory audit for the period to 31 March 2012 was £50,000 (2010-11: £59,000). The financial statements for QCDA Enterprises Limited for the year will not be subject to audit as the company entered a Members' Voluntary Liquidation on 31 January 2012. Taxation services provided by KPMG LLP to QCDA Enterprises Limited will be part of the Liquidation.

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

The Closure of QCDA

15 The QCDA Chair received a letter from the Secretary of State on 27 May 2010 informing him that legislation would be introduced to abolish the QCDA.

16 The Education Act 2011 received Royal Assent on 15 November 2011, thus becoming law. Under Sections 25 to 27 of the Education Act 2011 QCDA will be abolished and its remaining statutory responsibilities under the Apprenticeships Skills, Children and Learning Act 2009 will cease. Those provisions of the Act come into force on 01 April 2012 and therefore QCDA closed on 01 April 2012.

17 The key objectives for QCDA during the 2011-12 financial year were outlined in a remit letter from the Secretary of State for Education to the Chairman on 28 March 2011. These were:

- the continuation and successful delivery of business as set out in the remit letter, until such times as the functions have ceased or transferred;
- transferring functions which remain a priority for the Government to the DfE, other partner organisations or the new Standards and Testing Agency (STA);
- decommissioning of QCDA, in anticipation of its planned abolition, and full closure once the relevant legislation has been successfully approved by Parliament;
- sensitive and successful transition of QCDA staff to the DfE, the STA and other destinations;
- sensitive management and support of the exit of QCDA staff.

18 Performance measures (shown at Appendix 1 on pages 10 to 12) were set for delivery of the 2011-12 remit with responsibility for these measures ceasing with transfer of the work prior to the closure of QCDA on 01 April 2012. All performance measures have been completed or transferred to the DfE or the STA.

19 From November 2011 QCDA ceased to be a delivery agency in that it was no longer responsible for delivery of Government determined activity and was instead focused solely on closure and decommissioning of the organisation. In 2010-11 management had indicated a material uncertainty due to the abolition of QCDA that cast doubt on QCDA's ability to continue as a going concern. Management concluded that it had a reasonable expectation that QCDA would have adequate resources to continue in operational existence and meet its obligations as they fall due. This has proved to be the case and QCDA has managed the closure process effectively in accordance with existing protocols and legislation.

The Transfer of Functions to DfE

20 The final year of QCDA's operation was challenging given that it was still responsible for delivery of key government priorities at the same time as managing the closure of the organisation and the exit of staff. QCDA continued to work closely with DfE to manage the smooth transition of functions to the department or its new Executive Agencies. The following functions transferred successfully to another organisation during 2011-12; after transfer QCDA did not retain any responsibility for these functions.

21 *Early Years Foundation Stage (EYFS) Exemptions*. QCDA continued to manage the exemptions from Early Years settings until 31 August 2011. This function then transferred to DfE.

22 *Key Stage 2 Tests 2011*. QCDA continued its responsibilities for Key Stage 2 testing until 30 September 2011, including the successful delivery of 2011 tests and carrying out procurement on behalf of the DfE for the 2012 series, including where required making provision for implementing the recommendations of Lord Bew's review of Key Stage 2 testing and accountability. This function transferred to the STA on 01 October 2011.

23 *Examinations.* QCDA continued its responsibilities for a number of functions connected to public examinations up to 31 October 2011, namely:

- *Support for awarding Diplomas*: this work ceased on 30 September 2011;
- *The Diploma Aggregation Service*: this function transferred on 01 November 2011 to DfE;
- *Management of the General Qualifications logistics contract*: this function transferred on 01 November 2011 to DfE;
- *Support and training for examinations officers in schools and colleges*: this function transferred on 01 November 2011 to DfE;
- *The Customer Relationship Management (CRM) and helpdesk functions*: these functions transferred on 01 October 2011 to DfE;
- *Access Arrangements Online (AAO) service* : this function transferred on 01 July 2011 to the Joint Council for Qualifications;
- *Work in support of the Achievement and Attainment Tables (AAT):* this function transferred on 15 August 2011 to DfE.

24 *Research.* QCDA continued its work as lead partner for the UK research network providing information on vocational education and training until the current Refernet contract expired in December 2011. After contract expiry QCDA did not retain any responsibility for this function.

25 As part of the transfer activity QCDA and DfE worked jointly on the project management of the transition and closure of QCDA, with an increased focus from each on those tasks owned individually. QCDA and DfE jointly led the project management of the Exams Delivery transfer. The NCA transfer formed part of the STA set-up programme led by DfE and supported by QCDA.

26 QCDA led the project management of the transfers of AAO, EYFS Exemptions, AAT, CRM and helpdesk functions. It also undertook the project management for both organisations with regard to the Legal, Governance, Commercial and HR work streams.

27 During the transfer and closure period QCDA provided additional support to DfE that has incurred additional time and effort but has not been formally identified as a cost incurred for the benefit of DfE. Examples of QCDA's activity include:

- tendering and contracting for future assessment work for the STA;
- a leading role in the management of the Exams Delivery transfer;
- managing the employee consultation process for the STA and Exams Delivery transfers to DfE;
- provision of additional volumes of cleansed hardware above the level required to support the transferring functions, e.g. approximately an additional 300 laptops;

- ICT advice, guidance and assurance to DfE colleagues across areas such as planning, architecture, ad-hoc support and short-notice out of hours cover;

- information management, where established QCDA policies and approaches were adopted by the wider ALB reform programme;

- undertaking a full review of contracts, which was subsequently used for DfE's due diligence process;

- drafting all deeds of assignment and deeds of novation.

28 QCDA has achieved this, and all of its performance measures, despite a significant reduction in headcount during the April 2011 to March 2012 period and the associated management time in supporting the exit of the 292 employees in this period. In doing this QCDA has successfully balanced the need to retain employees to deliver remit and transfer and closure activity, whilst managing the timely exit of employees based on business need. QCDA has reduced staffing levels in a manner that was both cost efficient and mitigated the risk of having inadequate resources and expertise.

29 The exit reasons for the period 01 April 2011 to 31 March 2012 were:

- 155 transferred to the DfE and STA with a legal right to transfer due to the function continuing. Of which:-
  - 42 transferred with the Exams Delivery functions
  - 76 transferred with the National Curriculum Assessment functions
  - 37 transferred to DfE with corporate services

- 67 Redeployed to DfE and the wider Civil Service

- 64 Voluntary Redundancy due to Closure

- 2 Voluntary Redundancy due to Relocation

- 4 Resigned

30 As of 01 June 2010 a total of 485 permanent staff were employed by QCDA and it is notable that QCDA delivered closure without the need for compulsory redundancies. Further, QCDA has effectively managed and deployed its available resources to deliver its remit as well as preparing for and executing transfer and closure activity.

31 In addition QCDA incurred costs amounting to £1,809k which were for the benefit of DfE. These costs include:

- the use of a number of QCDA staff on loan to DfE to undertake project management and communications roles;

- refurbishment activity in preparation for the occupation of Earlsdon Park by DfE and other Agencies from October 2011, and the occupancy of a number of floors in the building.

Results for the QCDA Group

32 Net expenditure for the period to 31 March 2012 amounted to £43m before taxation. Grant-in-Aid received to 31 March 2012 amounted to £52m. Expenditure is less than Grant-in-Aid income as a result of a reduction in trade payables between April 2011 and March 2012, and payments made in respect of prior-year provisions (see notes 14 and 15 on pages 60 to 61).

33 The loss before taxation for QCDA Enterprises Ltd amounted to £74k.

34 The Statement of Financial Position at 31 March 2012 shows net liabilities of £4.5m. These net liabilities transferred to DfE as at the 01 April 2012.

Appendix 1 - Performance Measures – April to December 2011

No	**April to December 2011 Performance Measures**
	Early Years Foundation Stage (EYFS)
1	**EYFS Profiles**: 2011 Early Years Foundation Stage Profile (EYFSP) results are robust and reliable as a consequence of moderation by October 2011.
	National Curriculum Assessment
2	**2011 KS2 NCT Delivery**: KS2 National Curriculum Tests are delivered successfully in May 2011, with 99.9% of results available to schools by the agreed date, and comparable levels of lost scripts and missing results to 2010. Quality of marking, as described by Ofqual, is at least as good as previous years.
3	**National Curriculum Assessment Procurement** Act as an agent, on behalf of the DfE, secure timely preparation and procurement of National Curriculum test contracts by 31 July for 2012 delivery by the new Executive Agency for testing. Award of test operations contract subject to Lord Bew's review of KS2 tests and accountability.
4	**Assessment in English, Maths and Science** Use the item bank process to develop high quality tests in English, Mathematics and Science for use in 2013 and beyond (taking account of Lord Bew's review of KS2 tests and accountability).
5	**Optional Test Data collection**: QCDA will make best endeavours to meets the targets for collecting Optional Test data, as set out in the ADSR by 30 September 2011.
6	**KS1 Moderation**: 2011 Key Stage 1 (KS1) results are robust and reliable as a consequence of moderation by 30 September 2011.
7	**Teacher Assessment** Publish and disseminate guidance on statutory national assessment arrangements (Early Years Foundation Stage to Key Stage 3), provide a helpdesk to deal with enquiries and make appropriate arrangements to collect statutory teacher assessment data for Key Stages 2 and 3 with target rates of 99.7% in both phases by 31 July 2011.
8	**KS2 Science Sample Test**: A Science sample test, to monitor national standards at Key Stage 2, is implemented by 31 July 2011.
9	**Year 1 Phonics Screening Check** Support the development of a Year 1 Phonics Screening Check by providing psychometric support for the DfE to: • analyse the live data from the 2011 trial; • contribute to the standard setting, equating and test construction process for phonics screening checks to be used in 2012.
10	**KS1 Test Materials**: KS1 test materials are provided to those schools that order them by the 31 May 2011.

<table>
<tr><th>No</th><th>April to December 2011 Performance Measures</th></tr>
<tr><td colspan="2">National Curriculum Assessment</td></tr>
<tr><td>11</td><td>Level 6 Testing:
(i) Optional Level 6 tests in Mathematics, English reading and writing to be made available in early April 2011.
(ii) QCDA should work towards making level 6 tests in Mathematics, English, reading and writing to be available, undertaking development work as required (pending the outcome of the Bew review) for 2012. This work will include QCDA undertaking a technical pre-test in spring/summer.</td></tr>
<tr><td>12</td><td>Optional Test Materials:
Optional test materials are provided to those schools that order them by 31 July 2011.</td></tr>
<tr><td colspan="2">Exams Delivery</td></tr>
<tr><td>13</td><td>GQ Logistics contract:
Outcomes: To manage the logistics contract to meet the agreed KPIs of the GQ contract until transfer of the functions, people, systems and contracts to the DfE is completed by 31 October 2011 at the latest. Specific Measures:

Key KPIs to be delivered by 31 October 2011:
1. A minimum of 3 attempts will be made to contact 100% of centres, to arrange a collection time window per series.
2. Delivery of 98% of all packages must be attempted on day one after collection.
3. A maximum of 3% of packages lost due to vehicle theft and/or negligence.

Where there are any losses or service performance issues QCDA will recover costs/damages through Service Credits until such time as the contract is novated to DfE. In exceptional circumstances e.g. weather issues / Force Majeure KPIs may be suspended between QCDA and the supplier.</td></tr>
<tr><td>14</td><td>Access Arrangements Online (AAO):
95% of access arrangements applications and 80% of modified papers orders on behalf of general qualifications candidates are made using the AAO service. This should be achieved until the transfer of the functions to the Joint Council for Qualifications (JCQ). This should occur by a target date of 30 June 2011 and completed no later than 30 September 2011.</td></tr>
<tr><td>15</td><td>Performance Tables (formerly AAT):
To ensure that in maintaining and developing all matters relating to measuring, scoring and discounting qualifications in the Performance Tables all relevant deadlines (as set out in the timetable of main activities for 2011 discounting tables) are met to the appropriate quality standards (as agreed with DfE) until the function is transferred. To be proactive in offering a range of methodological improvements, for consideration by the DfE.</td></tr>
<tr><td>16</td><td>Supporting Diploma Awarding:
1. Support administration of the Diploma within schools and colleges in order to minimise the risk of them making administrative errors that could lead to failures in awarding in 2011.
a. continue execution of the 2010/11 deployment plan to build centre knowledge of, and capability in the administrative processes required for successful awarding.
Target: At least 95% of 2011 Diploma awarding centres, representing at least 90% of 2011 learners, execute the administration of the Diploma successfully.
b. Working with DfE, review all identified QCDA guidance documentation on Diploma administration by:</td></tr>
</table>

No	**April to December 2011 Performance Measures**
	Exams Delivery
16	**Supporting Diploma Awarding [continued]**: • Discontinuing and archiving all non-essential pieces of guidance, ensuring awarding centres know where the archive material will be stored and how it can be retrieved. Target: Discontinue and archive non-essential guidance by 30 June 2011 • Rationalising essential pieces of guidance. Target: Rationalise essential guidance by 30 June 2011 2. Diploma IT systems a. Transfer the Diploma Aggregation Service (DAS) and associated IT Information Library (ITIL) processes and knowledge to DfE. Target: Transfer to be complete by December 2011. b. Maintain provision of the DAS Target: Achieve the service levels in the DAS/AB Testing & Operating Agreement and the DfE MI reporting arrangements c. Transfer the DAS RITS Interface and associated ITIL processes and knowledge to DfE Target: Transfer to be complete by December 2011. 3. Train awarding bodies in essential Diploma systems a. 'On-boarding' of prospective CABs to ensure their roles and responsibilities for successful 2011 awarding are understood, including use of the DAS. Target: 100% of prospective CABs successfully on-boarded i.e. can use the DAS. b. Ongoing support of 'CAB Community online' until its closure or transfer, including support of existing CABs with respect to 2011 awarding. Target: transfer responsibility or close the service by end September 2011.
	Research
17	**ReferNet:** Maintain ReferNet in the UK as the leading VET policy reporting organisation and network in Europe with JIU and under contract to CEDEFOP until 31 December 2011.
	Early Years Foundation Stage (EYFS)
18	**EYFS Exemptions:** All applications for exemption from the EYFS learning and development requirements (including those for renewal of exemptions), are handled within a target timescale of 12 weeks of receipt (according to the revised management arrangements). Where there are issues that impact on the ability to provide advice to the Secretary of State then QCDA will discuss with DfE accordingly. This arrangement between DfE and QCDA will continue until transfer of the process, which should occur as soon as possible after Ministers decide what recommendations to take forward following the Tickell Review and completed no later than 30 September 2011.

Staff relations

35 To ensure that strategic and operational decisions were understood throughout the organisation, QCDA continued to communicate information as widely as possible and using a wide range of means to encourage effective two-way communication with staff. This has been particularly important throughout the last year to ensure that staff are supported through a time of personal uncertainty and enabled to retain their focus on remaining QCDA delivery responsibilities.

36 In order to ensure the best possible staff relations, QCDA actively engaged with the recognised trade union through regular consultation and negotiation between management and union representatives. Issues covered included transition and closure, pay and HR policies. Effective consultation and planning since the announcement of closure has led to QCDA closure being effected without compulsory redundancies.

37 Given the pending closure of QCDA, manager development and staff support programmes were developed and delivered internally to ensure that all employees had access to support and development opportunities. In addition a number of support seminars and training opportunities were provided on-site at no cost by external agencies such as employment agencies, Better West Midlands, Business Link, Jobcentre Plus and the Skills Funding Agency to offer advice and guidance for all staff at risk of redundancy. As a result of the successful development and delivery of staff support in-house, outsourced outplacement support services have not been sought.

38 QCDA had a dedicated Diversity and Inclusion Manager until December 2011 when responsibilities were shared across a number of remaining staff members through to closure. In its published single equalities scheme, QCDA set out an action plan in relation to the protected characteristics covered by the Equality Act 2010. Progress was monitored and reported during the year in line with QCDA's equality and diversity objectives.

Sickness absence

39 For the period April – March 2012 the total number of working days lost due to sickness absence amounted to 763.5 (2010-11: 2,048.5 days) which is an average of 4.29 days per employee (2010-11: 5.38 days).

40 This compares favourably with the average working days lost per employee for DfE (5.2 days per employee, October 2010 – September 2011) and with the public sector as a whole (8 days per employee, June 2011 survey) and demonstrates significant staff commitment and professionalism despite the impending closure of the organisation.

Performance assessment

41 The performance management and assessment system linked performance objectives to personal development, and was aligned to QCDA's performance measures and key objectives for 2011-12. Alongside individual objectives a set of corporate objectives were introduced to enable performance to be measured against the attitudes and behaviours required to support the successful transition and closure of QCDA.

Pay Policy

42 The application of QCDA's pay policy was determined on an annual basis in line with the parameters set by HM Treasury as part of the Civil Service pay remit process. The QCDA pay remit is subject to approval by the DfE. There is no automatic entitlement to an annual salary increase or performance related pay. For the year 2011-12 QCDA was in the second year of a

two-year pay freeze for public sector workforces earning above the full time equivalent of £21k per annum. An annual salary increase of £250 was made to employees earning less than £21k per annum. There were no non-consolidated performance bonuses paid.

43 QCDA remained committed to the principle of equal pay. An Equal Pay Audit was conducted in 2009.

44 Details of the pension scheme and pension liabilities are disclosed in the Remuneration report on pages 28 to 33 and note 3 to the accounts on page 47.

Our Stakeholders

45 QCDA had a central role in England's education and training systems while it had delivery remit and worked with its stakeholders with the primary aim of ensuring benefits to the learner. QCDA maintained communication with stakeholders to inform them about closure and transfer of functions and to explain as far as possible how they will be impacted.

46 The principal external organisations with which QCDA collaborated were:

- Department for Education;
- Department for Business, Innovation and Skills;
- UK Commission for Employment and Skills;
- Ofqual;
- Training and Development Agency for Schools;
- Young People's Learning Agency;
- Chartered Institute of Educational Assessors;
- awarding organisations;
- suppliers, notable strategic suppliers being Edexcel, Parcelforce Worldwide, Steria UK and NFER;
- teacher associations;
- local authorities;
- schools and colleges.

Freedom of Information

47 QCDA has been compliant with the Freedom of Information Act 2000. For the period April 2011 to March 2012 QCDA responded to 25 separate requests for information under the terms of the Act (2010-11:62). All requests were responded to within the statutory deadline of 20 working days.

Environmental, social and community

48 The offices at Earlsdon Park continued to perform well despite a lengthy repair to the Ground Sourced Heat Recovery system carried out by the Landlord. During the year the facility underwent its first annual Energy Performance Audit and achieved an Energy Performance Operational rating of 'E' representing efficiency of energy use deemed typical for this type of building. An improvement plan has been implemented with the target of achieving a rating of 'C' which would represent a significant increase in energy efficiency and is beyond the standard expectation of a building of this type. All automatic systems have been reviewed and adjustments made to reduce energy consumption. The facility continued to recycle its waste and is consistently achieving a monthly average of 92% for recycling with only 8% being sent to Landfill (far exceeding the UK Government's target of 40 per cent). The facility continued to increase its sustainability; for the period April to December 2011 53 tonnes of used paper and 82.5 tonnes of cardboard have been recycled. Thus QCDA has reduced its impact on the use

of raw materials and it continues to purchase its paper product from a sustainable source and is compliant with the FSC standard.

49 QCDA continued to give reasonable facilities, including (where necessary and appropriate) reasonable time off, to enable employees to undertake their fair share of civic duties and ensure they do not suffer financial loss in consequence.

Organisational objectives 2011–12

50 QCDA's organisational objectives have been focused on two key deliverables, its remit and its closure. As such it has continued to undertake operational delivery against its remit up to the point of transfer and/or completion. Throughout the year QCDA has kept under review the internal management structure and, to reflect the reduction and subsequent ceasing of operational delivery, QCDA undertook a number of changes to its organisational structure. In November 2011 QCDA rationalised its governance structures and a new Senior Leadership Team was convened with two main functions. The first was as a project board for the QCDA closure project in which capacity it fed into a joint QCDA/DfE closure board which in turn reports progress through QCDA's Corporate Governance structure. The second was as a Senior Leadership Team to manage closure reporting progress directly through QCDA's Corporate Governance structure.

51 On 15 November, the Education Act 2011 received Royal Assent. The Act abolished QCDA following the introduction of a commencement order that took effect on 01 April 2012. Mandatory duties set out in the Apprenticeships Skills, Children and Learning Act 2009 require QCDA to keep under review, respectively: qualifications, the curriculum, early learning goals and educational programmes, and assessment arrangements. QCDA continued to fulfil these statutory duties but with minimal resource availability the level of quantitative and qualitative research undertaken in support of these duties has been considerably reduced. Beyond these statutory duties QCDA acted upon request from the Secretary of State through Remit Letters. Accordingly, when the Secretary of State requested QCDA to cease work in respect of qualification and curriculum development this did not conflict with any statutory duties of QCDA.

52 QCDA's responsibility for National Curriculum assessment arrangements was passed to the new Standards and Testing Agency on 01 October 2011 and a statutory order[1] removed QCDA's responsibilities in this respect. Work in relation to Achievement and Attainment Table (AAT) points and Early Years Foundation Stage exemptions also ceased following formal withdrawal (under section 185(1) of the ACL 2009) by the Secretary of State of request for information and advice in these areas.

Equalities and Diversity

53 QCDA placed equality at the heart of all that it did and ensured that throughout the delivery of its remit and the closure of the organisation, equality continued to be an integral part of the way it conducted its business. During its final year QCDA continued to take a strategic approach to equality as well as having a detailed plan in place to support its delivery. The focus was on the following four strategic equality and diversity objectives:

- QCDA as an organisation is compliant with the Equality Act 2010 in all functions;
- human resources and learning and development activity is underpinned by the Equality Act 2010 to ensure legal compliance in supporting staff;

[1] Statutory Order: The Education (National Curriculum) (Key Stages 1, 2 and 3 Assessment Arrangements) (England) (Amendment) Order 2011.

- exams delivery and customer service meets the Equality Act 2010 requirements;

- National Curriculum test development and test delivery have equality and diversity embedded within policy, procedure and practice.

54 These objectives were developed to integrate equality and diversity into QCDA's day to day business. The key achievements in relation to equality and diversity QCDA include:

- revised and updated legal contract terms requiring suppliers to comply with the Equality Act 2010;

- internal communications to staff were regular and accessible, and considered the needs of home workers and colleagues on maternity and long term sick leave;

- a range of learning and development opportunities were offered to all staff. Learning and development opportunities were accessed by 95% of women and 85% of men at risk of redundancy, 100% of staff at risk of redundancy who have a disability and 100% of Black Minority Ethnic staff at risk of redundancy;

- 300 access arrangements incidents were raised in relation to exams delivery and 95.1 per cent were resolved within two working hours;

- QCDA commissioned an educational psychologist to review the content and processes of the current access arrangements against the Equality Act 2010;

- in the 2010-11 academic year QCDA produced and delivered over 2,000 Modified Large Print and Enlarged Print tests to schools;

- over 200 Braille papers for the Key Stage 1 and Key Stage 2 exam cycles and the science sampling tests were produced and delivered;

- during the period from April to September 2011 the NCA helpline resolved 2,166 enquiries (10.16% of all enquiries for the period) related to access arrangements for Key Stage 2;

- QCDA agreed over 20,000 access arrangements for the 2011 Key Stage 2 tests.

Efficiency review programme

55 The original QCDA resource budget allocation of £61m for 2011-12 represented a 44% reduction on the 2010-11 allocation of £108m. The reduction reflected operational delivery transferring and or ceasing in autumn 2011 and funding of the remaining costs of the organisation, including closure costs, through to March 2012. As a result of the early release of staff based on business needs, the decision of the DfE to offer posts to those remaining at risk of redundancy in October 2010, and significant value for money savings of £2.55m achieved through new procurement exercises and effective negotiations with suppliers, the resource budget for the year has been reduced by a further 17% to £42m and this has been agreed as part of the Supplementary Review. QCDA successfully delivered all its business objectives well within the agreed budgetary limits.

Delivery Outcomes/Performance Review 2011-12

56 QCDA has successfully delivered all of its performance measures in 2011-12. Particularly noteworthy were:

- successful delivery of National Curriculum assessments in summer 2011 with 100% of results from Key Stage 2 tests delivered to schools by the target dates in July 2011;

- optional Level 6 tests in Mathematics, English reading and writing made available in early April 2011;

- successful delivery of a science sample test, to monitor national standards at Key Stage 2, in July 2011;

- successful safeguarding of Diploma awarding in August 2011. A record number of participating centres and awarding bodies were supported to ensure that every learner entitled to a Diploma award received their award on time;

- successful delivery of the examination script collection service with 100% of centres contacted to arrange a collection time window for the summer series; 99.51% (against a target of 98%) of all packages had an attempted delivery on day one after collection; 0.003% (against a target of no more than 3%) of packages lost due to vehicle theft and/or negligence.

57 In summary QCDA has successfully delivered all of its performance measures in 2011-12, with a number of targets exceeded. This has been achieved at the same time as QCDA has delivered significant efficiency savings to contribute to public sector cost reductions. Pay and recruitment freezes have been applied in line with Government guidelines and QCDA as a closing organisation has faced additional challenges in retaining staff and maintaining morale. On the latter, the professionalism, dedication and commitment of all QCDA staff in what were very difficult circumstances for individuals has exceeded the Board's expectations and all staff are to be congratulated.

Risk management

58 The principal risks facing the organisation in 2011-12 arose from the Transition and Closure programme established following the announcement by the Secretary of State for Education of the abolition of QCDA. Key challenges have included maintaining corporate governance, information management and security, staff retention and maintaining delivery whilst planning for transition and closure. The continuation of cross Government controls resulting in a recruitment freeze and a moratorium on some types of expenditure have exacerbated the challenges of a closing organisation.

59 Risk management remained integral to QCDA's business planning and reporting systems and was supported by the risk, programme and project management tool (PRIME) coupled with training for key teams within QCDA. This led to the benefits of a standardised approach to identifying and managing risks across the organisation. Strategic, programme, project and operational risk management have been integrated and the approach to risk management has remained under review. As part of the closure programme PRIME was decommissioned at the end of November and replaced with a streamlined process more suited to a closing organisation. Training has been provided for identified risk managers and key individuals on the new system to ensure continuity. The Senior Leadership Team undertook a full review of all transition and closure risks in November to ensure they appropriately captured the risks of a closing organisation.

60 Revised governance arrangements including the introduction of joint portfolio boards managing individual streams of work either transferring to the DfE or closing, overseen by a Joint Closure Board consisting of QCDA and DfE representatives, ensured risks were identified and managed throughout transition and closure.

61 The Audit Committee has advised the Board on the adequacy and effectiveness of risk management within QCDA. In addition a Risk Advisory Group consisting of three board members has met on a regular basis to provide support and advice specifically with regard to the Transition and Closure Programme. This advice was supported by assurance provided by the Internal Auditors for 2011-12.

Information Management

62 QCDA established an information management function to support its closure activity with the following objectives:

- to ensure QCDA meets all its statutory obligations with regard to record retention, primarily in accordance with the Public Records Act 1967, Data Protection Act 1998, Freedom of Information Act 2000, Health and Safety at Work etc Act 1974 and Companies Act 2006;

- create a legacy that ensures key educational remit records are retained;

- to ensure secure and safe transfer to the DfE, Ofqual and Department for Business, Innovation and Skills;

- ensure secure destruction of electronic and paper records in line with the Data Protection Act.

63 The function covered the cataloguing and transfer of both electronic and paper records, working closely with Information Security and recipient organisations. To ensure compliance, user guidance was revised and all areas of QCDA were proactively engaged to ensure understanding of responsibilities. QCDA has successfully transferred electronic and paper records relating to National Curriculum Assessment, Exam Delivery Support, CRM and Diploma Aggregation.

64 The information management activity, including managing the risk of losing QCDA records has twice been audited by QCDA's internal auditors and on both occasions has received a green rating.

Information Security Measures

65 QCDA had an Information Security Management System (ISMS) team that addressed information security risk, although from December 2011, following cessation of delivery functions, the team was reduced to a minimal level. The ISMS team have worked to assure the security of QCDA's information assets through application of the HMG Security Policy Framework (SPF), HMG Information Assurance Standards (IAS) and HMG good practice guides.

66 QCDA followed best practice and had a good level of compliance with SPF, IAS and HMG good practice guides. Conformance to best practice was overseen by the DfE, who report onwards to the Cabinet Office. QCDA undertook half-year self-assessments supported by internal and external audits. The internal audit of QCDA's SPF compliance found the self-assessment to be accurate.

67 All business function continuity plans were reviewed in preparation for closure, as was the incident management plan. There have not been any business continuity incidents in the period covered by this report.

68 Activities to reduce the risk of an information security breach included:

- Prompt secure decommissioning of redundant IT equipment containing sensitive data that would otherwise be at risk of loss;
- Onsite and inspected secure destruction of paper waste containing information;
- Out-of-hours searches and seizures ensure that the clear desk policy is adhered to and information assets are secured, particularly following recent staff relocations and departures around the building;
- Encrypted media has been utilised to support the physical transfer of digital information to DfE and STA;
- Personal data on a former website hosted externally has been securely deleted prior to the supplier's decommissioning of the servers;
- The IT infrastructure has undergone a cyber-security check to CESG standards and recommendations have been implemented to mitigate the risk of cyber-attack;
- Automatic software upgrading has been deployed appropriately and anti-virus software is deployed across the IT infrastructure.

69 Until 01 October 2011 QCDA prioritised key information risks held by test suppliers and employed rigorous and extensive measures to provide information assurance down the supply chain for National Curriculum Assessment.

70 Information security incidents (as described in the Governance Statement on page 21-26) were fully recorded and assessed to see if they indicated any wider information security risks. Appropriate mitigating measures were delivered to address any weaknesses.

71 QCDA closure has not been a factor behind any information security incidents reported but additional controls were put in place to manage new risks such as the significant numbers of staff exiting QCDA.

Statement of Accounting Officer's Responsibilities

72 Under paragraph 17(1) and (2) of schedule 17 of the Apprenticeship, Skills, Children and Learning Act (2009), QCDA is required to prepare a statement of account for each financial year in the form and on the basis determined by the Secretary of State for Education. QCDA accounts have been prepared on a closure (non-going concern) basis and show a true and fair view of QCDA's state of affairs at the end of the period and of its income and expenditure, cash flows and changes in taxpayers' equity, for the financial period.

73 In preparing the accounts QCDA was required to:

- observe the accounts direction issued by the Secretary of State for Education, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a closure (non-going concern) basis.

74 Lin Hinnigan was appointed as Accounting Officer of the QCDA with effect from 01 April 2010. The relevant responsibilities, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officers Memorandum issued by the Treasury and published in *Managing Public Money.* The Accounting Officer is required to sign the statement of accounts, including a Governance Statement

Lin Hinnigan
Accounting Officer
Qualifications and Curriculum Development Agency

Date: 31 May 2012

Governance Statement

Scope of responsibility

75 As Accounting Officer, I have personal responsibility for maintaining a sound system of Governance, internal control and risk management within my area of responsibility to support the achievement of the QCDA policies, aims and objectives, whilst safeguarding the public funds and QCDA's assets.

76 The system of Governance, internal control and risk management was designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide high and not absolute assurance of effectiveness.

Governance, Internal Controls and Risk Management

77 I confirm that I have reviewed the Governance, internal control and risk management arrangements in operation across QCDA. My review of the effectiveness of the system of internal control has been informed by the work of our internal auditors, Directors, the Corporate Office team, which has had responsibility for the development and maintenance of the internal control framework, and comments made by our external auditors in their management letter and other reports.

78 The system of internal control was based on an on-going process designed to identify and prioritise the risks to the achievement of QCDA's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

79 Following the announced closure of QCDA by the Secretary of State, QCDA implemented changes to the organisation's Governance arrangements. These arrangements were further reviewed in May and October of this year, thus ensuring robust Governance arrangements are in place to ensure legal compliance, probity, due diligence and clarity of decision making. The Governance protocols put in place during this transition and closure period have also served to reinforce the QCDA Board, Executive, programme/project boards and individual employee authority and responsibilities.

80 QCDA's objectives for 2011-12 were linked to DfE's strategic objectives. I, and my Executive Director colleagues, have regular meetings with DfE senior officials at which we discuss any risks or deal with any issues that could affect the attainment of these objectives.

81 The internal Governance structure fits within a broader set of governance activities within the DfE for reform of the department's Arms Length Bodies.

82 The QCDA Board was responsible for supervising and directing the organisation's affairs. In ensuring that QCDA fulfilled its remit, the Board had a number of key functions which they had undertaken in line with the main principles of the Corporate Governance Code.

83 Members of the QCDA Board were non-executive directors, who were independent of the day-today running of the organisation and appointed by the Secretary of State. The QCDA Board consisted of a minimum of 8 members and a maximum of 13, as set out in the ASCL Act 2009. During 2011-12 membership levels were maintained in line with legislative requirements and meeting attendance was consistently good.

84 The Chairman, with members, had assessed the performance of the Board and concluded that the Board worked well and had adapted to the new challenges which have evolved through transition and closure. Board papers strongly reflected the business of the day but, inevitably, had reduced in number and content as QCDA's delivery responsibilities had ceased or

transferred during the year. There was a united feeling that the Board was making its role proportionate to the engagement of the business and that the balance was right and, therefore, it was playing a worthwhile role. Indeed the Chair considers that it had performed well.

85 The Board members were committed to an exemplary closure process which fulfilled QCDA's changing remit, passes on high class and appropriate procedures, processes and, in as far as the Board are able looks after the needs of our staff.

86 No Board member had identified a need for personal support or development at this stage of the organisation's closure. However, the members had noted the excellent support provided by the Governance area in that papers were delivered on time, in the proper order and format which assists members to make their contribution.

87 The Chairman was seen as having a good "governance relationship" with the Chief Executive, and also in closing the organisation and chairing meetings well and appropriately. Relations with the Department for Education were good and that is largely seen as his work since appointment three years ago.

88 As part of its remit QCDA was set a number of performance measures. Achievement of the performance measures were monitored effectively via QCDA's Operational Delivery Management Board and through a process of joint sign off with the DfE on completion. There were no financial risks arising from these performance measures.

89 QCDA’s strategic risks were derived from its annual remit which set out the organisation's objectives. As part of QCDA’s Risk Management Framework all members of the Executive and senior management team provide assurance that risks allocated to them have been managed in accordance with the Risk Management Framework and within our risk appetite, as set out by a series of tolerances approved by the QCDA Board.

90 Following the Board's decision to disestablish the Risk Committee in December 2010, the Risk Advisory Group was established to focus specifically on supporting the Transition and Closure Programme. This arrangement provided a more responsive approach during a period of significant change. It was linked to the Audit Committee via Board membership of both groups.

91 We have developed guidance, standards and templates to help ensure consistent assessment and reporting of risk throughout the organisation. As QCDA ceased to be a delivery agency in November 2011, the risk management process was streamlined to ensure the system is appropriate for an organisation moving towards closure, whilst retaining consistency of risk reporting.

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

93 Risk management was handled primarily at programme/function level through the maintenance of programme/function and project risk registers. Directors have completed annual statements on internal control that confirms their compliance with QCDA policies on risk management, finance, governance and personnel control, and with the requirements set out in the Risk Management Framework and government accounting procedures.

94 Directors and programme/function leads have reported on risk to both our Audit Committee and Risk Advisory Group. As the Transition and Closure programme has progressed through 2011-12, a number of Directors have left the organisation. In order to ensure that an effective system of internal control is maintained, a process has been implemented to identify and capture letters of assurance from those Directors who have left.

95 The role of the Audit Committee was to advise the Board on the adequacy and effectiveness of QCDA's risk management systems, internal controls and related practices. The Audit Committee received risk management updates and reports by exception on the progress of projects and growing risks. The Chairman of the Audit Committee reported to the Board following each Committee meeting, giving him an opportunity to alert the Board to any matters of concern. Meeting attendance of Audit Committee members was consistently good.

96 The Committee met 5 times in 2011-12, with the announcement of the closure of QCDA continuing to influence the issues and focus of discussion. The Committee received regular updates on progress and next steps in taking forward the transition and closure and were satisfied that QCDA was handling the process in an exemplary manner.

97 The Committee's consideration of the Annual Report and Accounts was impacted by the requirement of the Department for Education that all ALBs submit a nine-month report and accounts to Ministers and that the documents, and particularly the report and any disclosures, must be near complete. The Committee was impressed by the commitment displayed by the Finance Team in delivering the Interim Annual Report and Accounts within the shortened time frame.

98 The Audit Committee considers reports on each audit as well as the internal auditors' annual report on the effectiveness of the overall system on internal control. The QCDA internal auditors have delivered 15 audits against the annual plan, as agreed by the Audit Committee. Our internal auditors have provided QCDA with their annual report setting out their positive opinions in the areas of Corporate Governance, Risk Management and Internal Control.

Key Issues

99 My attention has been drawn to the following areas of internal control in the 12-month period to 31 March 2012, and I have put arrangements in place to address these.

100 The use of administration level accounts which permit access to IT systems was identified as being outside current best practice and standard operating procedures. Although no issues have yet been identified, use of these accounts were monitored through to closure.

101 The location of the BACs equipment (processes payments from QCDA bank accounts) in an open office environment presents a potential security risk. However it is protected by password access control.

102 A number of issues impacting service levels arose throughout the year with regard to the performance of ICT support; these were addressed by bringing ICT support in house.

103 As individuals leave the organisation, assets that have been purchased without commercial or ICT involvement have come to light. Alongside this a review of the Fixed Asset Register identified that some of the items on the register, primarily laptop computers, have either been disposed of or lost and no record of the disposal or loss made in the register.

104 We cannot therefore have a complete understanding of all the assets that exist or will be returned. An exercise has been undertaken to reconcile as far as possible the Fixed Asset Register to the physical assets which actually exist. We have identified 103 laptops that cannot be accounted for; of which 85 were encrypted and 18 unencrypted. It is not known whether they have left QCDA in an uncontrolled manner but all relate to laptops purchased before the formation of QCDA in April 2010. All laptops purchased from February 2008 have been encrypted and all laptops that we had a record of in February 2008 were encrypted at that time. Given this, and that there is no known incident of QCDA information being released due to laptops being stolen or lost, the risk likelihood of information being lost now is assessed as low. Since new controls were put in place in 2010 there have not been any laptops identified as unaccounted for. I have written to DfE in my role as SIRO, to advise them of the incident and the assessment of risk. During the closure period assets have continued to be managed effectively in line with process. The comprehensive information provided will enable DfE to address any issues that may arise post QCDA closure

105 Payments made without deduction of tax in previous tax years have now been identified and the liability agreed with HMRC. A payment has been made on account with the final payment being made in December 2011. Systems have now been put in place to ensure that this liability will not arise in 2011-12.

106 There have also been two instances of taxable benefits where QCDA believed a tax liability did not apply (Employee Assistance Programme and Home based workers mileage) and HMRC now advise that it does. Due to closure and non-material amounts of less than £20,000 HMRC have agreed not to pursue any liabilities.

107 A potential additional liability has been identified in respect of Pension Liabilities, Annual Compensation Payment Provision. The provision relates to an on-going liability in respect of ex-employees who have left the organisation and not yet reached the age of 60. The additional liability relates to a lump sum payment due at age 60 for which no provision has been made in previous years. Existing controls identified a possible liability and as a result an estimate of the liability has been made at £2.9m. The liability goes through to 2020-21 and will transfer to the DfE in April 2012. This liability has been included in the 2011-12 accounts.

108 QCDA has an outstanding contractual indemnity claim against a contractor arising from damage caused to the Earlsdon Park building by a negligent subcontractor. QCDA is obliged to indemnify the landlord for the damage under the terms of its Leases. The contractor has informed QCDA that its insurer has confirmed that it will adjust the loss (quantum to be established).

109 A further potential liability could arise due to litigation by a former supplier. It is hoped this will be resolved through mediation. An accrual has been made in the accounts for the disputed sum.

110 QCDA has not achieved total compliance with Cabinet Office policy on transparency of tender documentation and contracts. Payments over £25k were published by December 2011 but publishing of contracts over £10k and under £25k has not been carried out due to a lack of resource in a closing organisation.

Programme and Project Management

111 Programme and project management techniques were applied flexibly and appropriately to the closure and decommissioning of QCDA. There is a strong link to DfE governance which is supported by a Joint QCDA Closure Operations Board, which has oversight of the joint working on decommissioning, across both organisations. Closure reports were complete for internal transfer work. The closure programme is central to the organisation's performance, risk, planning and decision making processes.

Financial Management

112 Processes, controls, risk management and fraud prevention strategies deliver good financial management and appropriate levels of propriety, regularity and value for money. Budgets were monitored regularly and realistic financial forecasts were reported.

Commercial Management

113 Third Party suppliers were managed in accordance with strict policy and processes approved by the QCDA Board. Controls were enhanced during the year to ensure they remain robust and appropriate during the transition and closure period. In the financial year significant value for money savings of £2.55m have been achieved through new procurement exercises and effective negotiations with existing suppliers. An additional £2.84m of savings have been secured on contracts that transfer to DfE for the financial year 2012-13. Strategy and approach for transferring and terminating contracts has been approved by the QCDA Board and by DfE. All novations have been completed to the DfE to support the ongoing STA and Exams Delivery functions. An Internal Audit on Commercial Transition and Closure project identified no risks or issues. Performance Measure 3 to secure timely preparation and procurement of National Curriculum test contracts for 2012 delivery has been successfully completed and signed off by DfE.

Information: IT Management and Data Safeguarding

114 IT and other communication and information systems are developed, delivered and monitored in line with the appropriate internal and external quality standards and meet the needs of the business and our business partners. Subject to the exceptions indicated below, data was safeguarded against loss, corruption and unauthorised disclosure or destruction. QCDA had in place appropriate Governance and information security risk management; information security and assurance for physical and digital platforms; mature business continuity arrangements; identification and recording of information assets and personnel controls.

115 The Information Assurance Officer has provided me, in my capacity as Senior Information Risk Owner (SIRO) with an assessment of information risk, drawing on material from information asset owners and from our Information Security Management Systems team, which has responsibility for ensuring that the QCDA has effective information management and security which complies with legislation and government best practice. We are fully compliant with 50 of the 70 security requirements set out in the Cabinet Office Security Policy Framework, version 6, to which all Government Departments and Agencies must adhere. QCDA is partially compliant with 6 of the remaining requirements, non-compliant with 1, and 13 are not applicable. The Information Assurance Officer has also provided evidence that the Information Security Management System is achieving a level of information assurance appropriate to the needs of QCDA during its transition and closure.

116 There has been a single data loss incident. Staff transitioned from QCDA to the new DfE agencies during the latter part of 2011. We have been informed that a significant number of staff did not receive their P45 and final pay slip that was mailed first class to their home addresses. We have followed up with the Post Office who confirm an active investigation is in train into losses at the local sorting office around the time the P45s were mailed. We are addressing all aspects of our responsibilities in this matter, including communications with affected staff, reporting to relevant authorities, considering the impact on those affected and opportunities for QCDA to support those staff in the identification of any fraudulent activities using the individual's personal data.

117 There have been incidents and vulnerabilities uncovered that could have contributed to a significant loss of security. The most significant of these are outlined below:

- There have been four incidents involving the loss of examination scripts in transport. These comprised one theft, one loss through bad practice and two parcels missing at depot. These incidents have either been reported to the Information Commissioner or the responsibility for reporting transferred to DfE. These four incidents represent a very small proportion (less than 0.004%) of the number of parcel movements each year. The 2011 KS2 examinations involved 6.6 million examination script journeys. Up to sixty examination scripts will be packaged into a parcel; this equates to more than 100,000 parcel journeys through the parcel distribution network. Examination script incident numbers are consistent with previous years.

- A number of examination papers went missing following a marker claiming to have returned them whilst there was no evidence of this. There was no record of the marker booking the return, a consignment number being issued or any movement data within the carrier records. Responsibility for resolution of this incident was transferred to STA on 01 October 2011.

- There have been a small number of incidents involving pupil names being released in emails. These have been accidental breaches caused by schools putting pupil names in emails to which QCDA then replies. These cases have been highlighted by the business and those causing breaches advised to be more vigilant in future.

- The Storage Area Network device used for the bulk storage of data was discovered to be insecurely configured. An IT Health Check uncovered two further circumstances of default credentials on database servers. These were corrected by the ICT team.

- There have been two incidents of inappropriate use of internet file sharing facilities. An internet site (SendIt) was used for the transfer of data between QCDA business units. Technical measures have been taken to prevent the further use of this site. YouTube was utilised to broadcast video content including pupils. Whilst permission was obtained for the broadcast of the video, confidentiality controls were not in place with YouTube and, although very unlikely, they could retain or re-use this video so this lack of contractual control is a technical breach of the Data Protection Act. The YouTube content was deleted shortly after the decommissioning of the QCDA websites on 30 November 2011.

- There has been a single business continuity incident resulting in a loss of power for a 12 hour period, overnight. Good communications between Facilities, ICT, the Business Continuity Manager, incident director and business continuity coordinators ensured significant data losses were avoided and business continuity was maintained.

People Management

118 Following the announcement of the planned closure of QCDA, retention of an adequate number of people with the right skills and expertise to deliver business objectives and the Transition and Closure Programme through to closure in March 2012, was identified as a key risk to the achievement of QCDA's remit.

119 A range of measures, including a management and staff support programme were implemented to ensure appropriate staff were available throughout the Transition and Closure period. The effectiveness of these arrangements is reviewed on a regular basis by the Executive and Board to ensure they continue to meet objectives.

Lin Hinnigan
Accounting Officer
Qualifications and Curriculum Development Agency

Date: 31 May 2012

Remuneration Report
a) Unaudited information

Remuneration Committee

120 The remit of the Remuneration Committee, as described on page 4 (paragraph 9), was to agree pay and conditions for the Acting Chief Executive with reference to the recommendations of the Senior Salaries Review Body; to agree pay awards, bonuses, benefits, severance packages and pension arrangements for the posts reporting to the Chief Executive; and to maintain oversight of pay and conditions for the next tier of staff. Members of the Remuneration Committee were:

Mr Mike Beasley (Chair) (from November 2008)
Mr Christopher Trinick (from November 2008)
Ms Lin Hinnigan (Acting Chief Executive) (from April 2010)

121 The Committee agreed the 2010-11 and 2011-12 pay awards for staff earning below £21,000 in November 2010.

Salaries

122 In 2011-12 QCDA implemented a pay freeze in line with Government guidelines on public sector pay.

123 The salaries paid in relation to senior managers comprised gross salary, reserved rights to London weighting, and relocation costs for the period. A retention allowance of £12,000, agreed in 2009 as part of the terms and conditions of the relocation of QCDA from London, was paid to Mick Walker on his departure in October 2011.

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

125 The annualised salary costs do not include relocation costs.

126 Total remuneration, including benefits in kind, paid to senior managers to March 2012 amounted to £473,200 (2010-11: £839,490).

Bonuses

127 There were no annual performance-related bonuses paid to any staff in relation to performance in 2010-11 or 2011-12 in accordance with the ruling by the Secretary of State for Education.

Benefits in Kind

128 The monetary value of benefits in kind covers any benefits provided by QCDA and treated by HM Revenue and Customs as a taxable emolument. There were no benefits in kind received by senior managers (2010-11: Mick Walker received £11,600) for hotel accommodation and travel expenses.

b) Audited information
Remuneration of the Chief Executive and the Executive to March 2012
(Figures in brackets refer to 2010-11):

Name	Annualised salary	Salary paid	Benefits in Kind (to nearest £100)	Real Increase in pension at 60 and related lump sum	Total accrued pension at 60	Total accrued pension at 60 – related lump sums	CETV at 31/03/12	CETV at 31/03/11	Real increase in CETV
	£000 (a)	£000 (b)		£000	£000	£000	£000 (c)	£000 (d)	£000 (e)
Lin Hinnigan Acting Chief Executive from 01 April 2010 and left on 31 March 2012	125-130 (125– 130)	130-135 (125-130)	0 (0)	0-5 (40-45)	45-50 (45-50)	190-195 (135-140)	1,089 (1,002)	985 (723)	14 (222)
Sylvia McNamara **[1]** Executive Director for Policy Implementation from 01 February 2010 and left on 31 March 2012	120-125 (120– 125)	120-125 (120-125)	0 (0)	70-75 (2.5-5)	70-75 (2.5-5)	70-75 (0)	1,068 (46)	37 (6)	295 (36)
Mick Walker **[1]** Executive Director of Education from 01 August 2009 and left on 31 October 2011	160-165 (150-155)	105-110 (130-135)	0 (11,600)	0 (10-15)	50-55 (50-55)	200-250 (155-160)	1,253 (1,229)	1,233 (1,096)	0 (77)
Anthony Grimshaw Director of Finance and Central Services from 01 January 2011 and left on 31 October 2011	90-95 (90-95) **[2]**	50-55 (80-85)	0 (0)	5-10 (15-20)	20-25 (15-20)	85-90 (55-60)	328 (268)	297 (198)	32 (51)
Victoria Clayton Director of HR and Organisational Development from 01 April 2011 and left on 04 March 2012	60-65	55-60	0	0-5	0-5	0-5	24	16	4
David Gamble Director of Organisational Development from 01 January 2011 and resigned on 31 March 2011	(95-100)	(95-100)	(0)	(2.5-5)	(5-10)	(25-30)	(174)	(142)	(18)

[1] Mick Walker received £60,000 and Sylvia McNamara received £21,644 in redundancy payments in accordance with the provisions of the Civil Service Compensation Scheme.
[2] The published comparative for Anthony Grimshaw has been corrected.

Remuneration of the Chief Executive and the Executive (continued)
(Figures in brackets refer to 2010-11):

Name	Annualised salary	Salary paid	Benefits in Kind (to nearest £100)	Real Increase in pension at 60 and related lump sum	Total accrued pension at 60	Total accrued pension at 60 – related lump sums	CETV at 31/03/12	CETV at 31/03/11	Real increase in CETV
	£000 (a)	£000 (b)		£000	£000	£000	£000 (c)	£000 (d)	£000 (e)
Andrew Hall Chief Executive to 31 March 2010 and left in June 2010	(40-45)	(40-45)	(0)	(0-2.5)	(5-10)	(0)	(117)	(110)	(5)
Sally Deighan Executive Director for Operational Support from 07 December 2009 to December 2010	(75-80)	(70-75)	(0)	(0-2.5)	(0-2.5)	(0)	(18)	(10)	(8)
Darryl Nunn Executive Director of Corporate Services from 01 November 2009 and left in December 2010	(145–150)	(145-150)	(0)	(2.5-5)	(10-15)	(0)	(168)	(119)	(38)

Note 1: Pension information is not provided for members with less than one year's service.

Note 2: The actuarial factors used to calculate Cash Equivalent Transfer Values (CETVs) have not at this stage been requested. Final disclosure will be made in the annual accounts.

From January 2012 the Government Financial Reporting Manual (FReM) has been amended to require the disclosure of top to median staff pay multiples (ratio) as part of the Remuneration Report. In order to give a meaningful comparatives QCDA have produced this disclosure for the six months to 30th September at which point the majority of operational staff and activity transferred to the Standards Testing Agency.

Highest Paid Director's Total Remuneration (£'000)	£160-165
Median Total Remuneration (£)	£44,721
Ratio	3.6

Figures are annualised and include both permanent and agency and contract staff.

Civil Service Pensions

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

130 Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 01 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

133 Further details about the Civil Service pension arrangements can be found at the website http://www.civilservice.gov.uk/my-civil-service/pensions/index.aspx

Cash Equivalent Transfer Values

134 A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

135 The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Remuneration of the Chairman and other Board members

137 The Board consisted of up to 10 members with 9 in post at the start of the year and 9 remaining as at 31 March 2012. A list of the current Board members can be found on page 4. With the exception of the Acting Chief Executive (ex officio member), members were appointed by the Secretary of State for Education. The Chairman was the only Board member remunerated for his services (Figures in brackets refer to 2010-11):

Name	Annualised salary	Salary paid	Benefits in Kind (to nearest £100)	Real Increase in pension at 60 and related lump sum	Total accrued pension at 60	Total accrued pension at 60 – related lump sums	CETV at 31/03/12	CETV at 31/03/11	Real increase in CETV
	£000 (a)	£000 (b)		£000	£000	£000	£000 (c)	£000 (d)	£000 (e)
Christopher Trinick Chairman	60-65 (60-65)	40-45 (70-75)	4,500 (5,800)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)

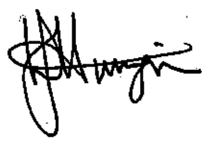
138 Benefits in kind were received by Christopher Trinick in respect of the provision of hotel accommodation and travel.

139 With the exception of the Chairman listed above and the Acting Chief Executive, Board members were reimbursed only for expenses incurred. During the period to December 2011, a total of £3,536 (2010-11: £4,016) was reimbursed.

Related Party Interests

140 The following Board members and senior staff have listed their interests in organisations that fall under QCDA's normal contracting procedures:

- Christopher Trinick was a non-executive director of Ofsted until 31 December 2011;
- Mike Beasley is a non-executive director of the Coventry University Enterprises. Mike Beasley's wife was employed by RM Education plc and retired on 31 May 2011;
- Maurice Smith is the Director of Education for the Manchester Diocese of the Church of England and is contracted to CfBT Education Trust in an advisory capacity;
- John Fairhurst retired as Head Teacher at Shenfield High School on 31 August 2011;
- Elizabeth Reid was Chief Executive of the Specialist Schools and Academies Trust until 14 December 2011;
- Sylvia McNamara's partner is a member of ASPECT, works for Tribal Education Limited and is an Ofsted Inspector;
- Mick Walker is a member of Chartered Institute of Educational Assessors.
- Victoria Clayton and her husband are members of the Chartered Institute of Personnel and Development.



Lin Hinnigan
Accounting Officer
Qualifications and Curriculum Development Agency

Date: 31 May 2012

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Qualifications and Curriculum Development Agency for the year ended 31 March 2012 under the Apprenticeship, Skills, Children and Learning Act 2009. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Apprenticeship, Skills, Children and Learning Act 2009. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Qualifications and Curriculum Development Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Qualifications and Curriculum Development Agency; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

the financial statements give a true and fair view of the state of Qualifications and Curriculum Development Agency's affairs as at 31 March 2012 and of its net expenditure for the year then ended; and

the financial statements have been properly prepared in accordance with the Apprenticeship, Skills, Children and Learning Act 2009 and Secretary of State directions issued thereunder.

Emphasis of matter – financial statements prepared on a basis other than going concern

Without qualifying my opinion, I draw attention to Note 1 of the financial statements. On the 1 April 2012, the Qualifications and Curriculum Development Agency was abolished. As a consequence, the Accounting Officer does not consider the QCDA to be a going concern and the financial statements have been prepared on a basis other than going concern. Details of the impact of this on the financial statements are provided in Note 1 to the financial statements.

Opinion on other matters
In my opinion:

the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under by the Apprenticeship, Skills, Children and Learning Act 2009; and

the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance

Amyas C E Morse

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Date: 14th June 2012

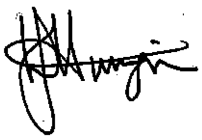
Statement of Comprehensive Net Expenditure for the year ended 31 March 2012

	Notes	31 March 2012 QCDA £000	31 March 2012 Group £000	31 March 2011 QCDA £000	31 March 2011 Group £000
Expenditure					
Staff costs	3a	(12,176)	(12,176)	(32,155)	(32,155)
Depreciation and amortisation	8 & 9	(310)	(310)	(2,402)	(2,402)
Programme expenditure	4	(20,069)	(20,069)	(49,344)	(49,344)
Other expenditure	5	(6,750)	(7,138)	(14,951)	(16,716)
Relocation and redundancy costs	5	(1,248)	(1,248)	(806)	(806)
		(40,553)	**(40,941)**	**(99,658)**	**(101,423)**
Provisions written back	15	0	0	14,055	14,055
Additional Pension Liability	15	(3,176)	(3,176)	0	0
Total Expenditure		**(43,729)**	**(44,117)**	**(85,603)**	**(87,368)**
Other Income	6	**656**	**957**	**2,232**	**5,191**
Net expenditure		**(43,073)**	**(43,160)**	**(83,371)**	**(82,177)**
Interest receivable	6	0	1	0	1
Net expenditure after interest		**(43,073)**	**(43,159)**	**(83,371)**	**(82,176)**
Net expenditure for the financial year before tax		**(43,073)**	**(43,159)**	**(83,371)**	**(82,176)**
Taxation	7	0	12	0	(334)
Net expenditure for the financial year after tax		**(43,073)**	**(43,147)**	**(83,371)**	**(82,510)**
Other Comprehensive Expenditure					
Net gain/(loss) on revaluation of Property, Plant and Equipment	8	0	0	(4)	(4)
		0	**0**	**(4)**	**(4)**
Total Comprehensive Expenditure for year ended 31 March 2012		**(43,073)**	**(43,147)**	**(83,375)**	**(82,514)**

The notes on pages 40 to 65 form part of these accounts.

Statement of Financial Position
as at 31 March 2012

	Notes	31 March 2012 QCDA £000	31 March 2012 Group £000	31 March 2011 QCDA £000	31 March 2011 Group £000
Non-current assets					
Property, plant and equipment	8	2,866	2,866	3,192	3,192
Intangible assets	9	0	0	3,381	3,381
Total non-current assets		**2,866**	**2,866**	**6,573**	**6,573**
Current assets					
Inventories	11	0	0	0	30
Trade and other receivables	12	382	382	1,755	3,058
Cash and cash equivalents	13	0	2,451	490	3,064
Total current assets		**382**	**2,833**	**2,245**	**6,152**
Total assets		**3,248**	**5,699**	**8,818**	**12,725**
Current liabilities					
Trade and other payables	14	(2,628)	(2,693)	(14,589)	(15,881)
Corporation tax	14	0	12	0	(141)
Total current liabilities		**(2,628)**	**(2,681)**	**(14,589)**	**(16,022)**
Total assets less Total current liabilities		**620**	**3,018**	**(5,771)**	**(3,297)**
Non-current liabilities					
Provisions	15	(2,904)	(2,904)	(1,500)	(1,500)
Pension liabilities	14	(2,363)	(2,363)	(2,497)	(2,497)
Other payables falling due after more than one year	14	(2,267)	(2,267)	(2,467)	(2,467)
Total non-current liabilities		**(7,534)**	**(7,534)**	**(6,464)**	**(6,464)**
Assets less liabilities		**(6,914)**	**(4,516)**	**(12,235)**	**(9,761)**
Reserves					
National Occupational Standards' Development Reserve		0	0	22	22
General Reserves		(6,914)	(4,516)	(12,257)	(9,783)
		(6,914)	**(4,516)**	**(12,235)**	**(9,761)**



Lin Hinnigan
Accounting Officer
Qualifications and Curriculum Development Agency

Date: 31 May 2012

The notes on pages 40 to 65 form part of these accounts.

Statement of Cash Flows
for the year ended 31 March 2012

	Notes	31 March 2012 QCDA £000	31 March 2012 Group £000	31 March 2011 QCDA £000	31 March 2011 Group £000
Cash flows from operating activities					
Net expenditure after interest		(43,073)	(43,159)	(83,371)	(82,176)
Corporation tax paid in year		0	(141)	0	(808)
Adjustments for depreciation and amortisation	8 & 9	310	310	2,402	2,402
Impairments on property, plant and equipment	8 & 9	0	0	2,239	2,239
Loss on disposal of property plant and equipment	8 & 9	25	25	859	859
Decrease / (increase) in trade and other receivables	12	1,373	2,676	99	746
Decrease / (increase) in inventories	11	0	30	0	184
(Decrease) / increase in trade payables (excluding Corporation tax)	14	(11,962)	(13,191)	(17,552)	(17,393)
Increase in long term payables	14	(334)	(334)	1,161	1,161
Use of provisions	15	1,404	1,404	(31,617)	(31,617)
Net cash outflow from operating activities		**(52,257)**	**(52,380)**	**(125,780)**	**(124,403)**
Cash flows from investing activities					
Purchase of property, plant and equipment	8	8	8	0	0
Purchase of intangible assets	9	0	0	0	0
Proceeds of disposal of property, plant and equipment	8	0	0	0	0
Net cash outflow from investing activities		**8**	**8**	**0**	**0**
Cash flows from financing activities					
Grants from parent department		51,797	51,797	128,000	128,000
Cash transfer to UKCES		(22)	(22)	(24)	(24)
Cash outflow to settle Ofqual balances		0	0	(2,470)	(2,470)
Net financing		**51,775**	**51,775**	**125,506**	**125,506**
Total		**(490)**	**(613)**	**(274)**	**1,103**
Cash and cash equivalents at the beginning of the period	13	490	3,064	764	1,961
Cash and cash equivalents at the end of the period	13	0	2,451	490	3,064
Net (decrease) / increase in cash and cash equivalents in the period		**(490)**	**(613)**	**(274)**	**1,103**

The notes on pages 40 to 65 form part of these accounts.

Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2012

	General Reserve	NOSDR	Total Reserves	General Reserve	NOSDR	Total Reserves
	QCDA £000	QCDA £000	QCDA £000	Group £000	Group £000	Group £000
Balance at 31 March 2010	**(54,412)**	**46**	**(54,366)**	**(52,799)**	**46**	**(52,753)**
Changes in reserves 2010-11						
Net gain on revaluation of property, plant and equipment	(4)	0	**(4)**	(4)	0	**(4)**
Net expenditure for the financial year	(83,371)	0	**(83,371)**	(82,510)	0	**(82,510)**
Grant-in-aid from Parent - Capital	0	0	**0**	0	0	**0**
- Revenue	128,000	0	**128,000**	128,000	0	**128,000**
Cash transferred to UKCES	0	(24)	**(24)**	0	(24)	**(24)**
Cash outflow to settle –Ofqual balances	(2,470)	0	**(2,470)**	(2,470)	0	**(2,470)**
Balance at 31 March 2011	**(12,257)**	**22**	**(12,235)**	**(9,783)**	**22**	**(9,761)**
Changes in reserves to 31 March 2012						
Transfer of intangible assets to DfE	(3,381)	0	**(3,381)**	(3,381)	0	**(3,381)**
Net expenditure for the financial year	(43,073)	0	**(43,073)**	(43,149)	0	**(43,149)**
Grant-in-aid from Parent - Capital	0	0	**0**	0	0	**0**
- Revenue	51,797	0	**51,797**	51,797	0	**51,797**
Cash transferred to UKCES	0	(22)	**(22)**	0	(22)	**(22)**
Cash outflow to settle Ofqual balances	0	0	**0**		0	**0**
Balance at 31 March 2012	**(6,914)**	**0**	**(6,914)**	**(4,516)**	**0**	**(4,516)**

National Occupational Standards' Development Reserves (NOSDR)
A Statutory Instrument was laid before Parliament on 08 April 2008 to abolish the National Vocational Qualifications (NVQ) levy. QCA was required to transfer responsibility for National Occupational Standards Development to the UK Commission for Employment and Skills (UKCES) as at 30 September 2008. The balance at 31 March 2011 represents funds due to UKCES and was settled by a cash transfer during the year.

The notes on pages 40 to 65 form part of these accounts.

NOTES TO THE ACCOUNTS

1 STATEMENT OF ACCOUNTING POLICIES

The Qualifications and Curriculum Development Agency (QCDA) is a statutory body set up under The Apprenticeships Skills, Children and Learning Act 2009. These financial statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FReM) issued by HM Treasury and in accordance with the Accounts Direction issued by the Secretary of State for the Department of Education on 1 October 2008. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of QCDA for the purpose of giving a true and fair view, has been selected. The particular policies adopted by the QCDA are described below. They have been applied consistently in dealing with items that are considered to be material to the accounts.

For 2011-12 the accounts have been prepared on the basis of a closure (non-going concern) due to Parliament's decision to abolish QCDA with effect from 1 April 2012. Further details are provided at 1.1 m) Closure (non-going concern).

1.1 Accounting Convention

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

a) Subsidiary undertaking

QCDA Enterprises Limited is a wholly owned subsidiary of QCDA. Its principal activity is the sale of QCDA publications and products. The consolidated accounts include the operating results of QCDA Enterprises Limited. The accounts for the subsidiary have been prepared on a closure (non-going concern) basis. In February 2011, the Board for QCDA Enterprises Limited decided to cease trading by the autumn of 2011 transferring trading activities where possible. QCDA Enterprises Limited ceased trading on 30 September 2011 and will be put into Members' Voluntary Liquidation at 31 January 2012.

b) Income

Grant in-Aid from the Department for Education

All Grant-in-Aid (GIA) from the Department for Education has been treated as financing. It is a contribution from a controlling party used to finance activities and expenditure which support the statutory and other objectives of QCDA. It is recorded as financing in the cash flow statement and credited to General Reserves. No Capital grant was received for the period to 31 December 2011.

Other income

Income is accounted for on an accruals basis.

The turnover of QCDA Enterprises Limited is stated net of value added tax and trade discounts.

c) Expenditure

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

d) Non-current assets

(i) Property, plant and equipment

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

Property, plant, and equipment has been carried at fair value and depreciated historic cost used as a proxy for current value for all classes of assets listed below on the basis that the assets have short useful lives and low values. Assets were revalued annually using relevant indices provided by the Office for National Statistics. Where an asset's value increased as a result of revaluation, the increase was credited to General Reserves. Where an asset was impaired as a result of downward revaluation the charge was taken to the Statement of Comprehensive Net Expenditure. Indices are drawn from the Office of National Statistics (ONS). In 2011-12, the revaluation difference between ONS and historic cost was not material; therefore the current historic cost has been used as the estimate value of fixed assets.

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

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

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

Property, plant, and equipment transferred to DfE at net book value on or before 01 April 2012. Where this has not happened, a loss or surplus on disposal has been recognised.

(ii) Intangible assets

Intangible assets comprises a) development expenditure of the Diploma Aggregation Service (DAS) that was generated internally and b) purchased software licences. In prior years development expenditure and software licences have been carried at fair value and amortised historic cost used as a proxy for current value for these classes of assets listed below on the basis that the assets have short useful lives and low values. Assets were revalued annually using relevant indices provided by the Office for National Statistics. Where an asset's value increased as a result of revaluation, the increase was credited to General Reserves. Where an asset was impaired as a result of downward revaluation the charge was taken to the Statement of Comprehensive Net Expenditure.

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

Software licences	3 years
Development expenditure	7 years

A full years amortisation charge is provided for in the year of acquisition and none in the year of disposal. Intangible assets transferred to DfE at net book value on or before 01 April 2012. Where this has not happened, a loss or surplus on disposal has been recognised.

e) Impairment

IAS 36 and chapter 8 of the FReM requires that where there has been an impairment reflecting a permanent diminution in the value of an asset as a result of a clear consumption of economic benefit or service potential, the reduction in value is reflected in the Statement of Comprehensive Net Expenditure.

f) Inventories

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

An allowance is recorded for obsolescence. In arriving at the valuation of stock at 31 March 2011, the Directors of QCDA Enterprises Limited considered potential future sales up to the cessation of trading. It was estimated that stock costing £30,000 would be used to generate sales in 2011-12. This has been the case and consequently the stock supported sales up to 30 September 2011 with any residual inventories being transferred to the Standards & Testing Agency at nil value.

g) Cash and cash equivalents

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

All bank accounts were closed or transferred to DfE after 31 March 2012.

i) Other current assets and current liabilities

Other current assets and current liabilities as at 31 March 2012 will transfer to DfE on 01 April 2012.

h) Taxation

Taxation on the profit or loss for the year comprises current and deferred tax in respect of the wholly owned subsidiary, QCDA Enterprises Limited. Taxation is recognised in the Statement of Comprehensive Net Expenditure.

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

i) Value Added Tax

QCDA and QCDA Enterprises Limited are registered as a group for the purposes of Value Added Tax, registration no. 706 7645 21.

j) Contingent liabilities

A contingent liability is disclosed where the existence of the obligations will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable certainty

k) Foreign currency transactions

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

l) Liquid resources

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

m) Closure (non-going concern)

On 27 May 2010 Rt. Hon Michael Gove MP, the Secretary of State for the Department for Education, wrote to Christopher Trinick DL, Chair of QCDA, confirming that the Government proposed to introduce legislation to abolish the QCDA. Functions which remain a Government priority for the DfE have been transferred to other partner organisations during the year, with responsibility for National Curriculum Assessment arrangements passing to the new Standards & Testing Agency on 1 October, and other continuing activities moving to the Department throughout October 2011. Non-transferring functions and support services were subsequently decommissioned as part of the closure of QCDA. The Statement of Financial Position at 31 March represents the residual balances transferred to the Department for Education on closure, including long term pension and staff-related liabilities and accommodation related assets and liabilities, as well as accrued closure costs and unspent cash. The preparation of the financial statements on basis other than a going concern basis does not affect the valuation or classification of these balances.

Appropriate legislation, the Education Act 2011 Chapter 21 Part 4, was subsequently passed to abolish QCDA with effect from 01 April 2012. Remit and funding for QCDA remained in place for 2011-12 to cover continuing activities, to manage the transition of non-continuing activities, and to maintain non-continuing statutory activities.

n) Statement of cashflows

The revised IAS7 and chapter 5 of the FReM, require that only expenditure which results in the recognition of an asset (rather than simply to generate future income and cash flows) should be classified as a cash flow from investing activities. QCDA has applied the revised IAS7 with effect from 01 April 2010. The impact is not significant.

o) Employee benefits

IAS 19 prescribes the accounting and disclosure for employee benefits, short-term benefits such as salaries and wages, post-employment benefits that result from employment and termination benefits.

In accordance with IAS 19, QCDA recognises the cost of providing employee benefits in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

p) IFRS issued but not yet effective

In line with the requirements of IAS 8, QCDA has identified the following IFRS issued which could have had an impact on the accounts but have not been applied as they were not yet effective.

<u>IFRS 9 Financial Instruments</u>

The classification of financial assets under IFRS 9 will be on the basis of the entity's business model for the management and contractual cash flow characteristics. The effective date is 01 January 2013. The impact of application is uncertain as additional instalments covering financial liabilities and impairment methodology have not yet been published.

2 ANALYSIS OF NET EXPENDITURE BY SEGMENT

QCDA has adopted IFRS 8 Operating Segment as revised in April 2009 (chapter 5 of the FReM). The amendment clarifies that segmental information for total assets is required only if such amounts are regularly reported to the Chief Operating Decision Maker.

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

QCDA reports segmental information based on the principal Performance Areas. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1.

The following table presents gross expenditure, income and net expenditure regarding the Group's operating segments to 31 March 2012 based on management information produced in accordance with IFRS 8.

All activities are undertaken in the UK.

		2011-12		**2010-11**
	Gross Expenditure	**Income**	**Net Expenditure**	**Net Expenditure**
QCDA	**£000**	**£000**	**£000**	**£000**
Programme	24,322	(189)	24,133	53,469
Administration	19,407	(467)	18,940	29,902
QCDA Total (agrees to SoCNE)	**43,729**	**(656)**	**43,073**	**83,371**
Capital expenditure	8	0	8	0
QCDA Segmental Total	**43,737**	**(656)**	**43,081**	**83,371**
Group				
QCDA Total	43,729	(656)	43,073	83,371
Intercompany balances on consolidation	(264)	264	0	0
QCDA Enterprises Limited	652	(565)	87	(1,194)
Group Total (agrees to SoCNE)	**44,117**	**(957)**	**43,160**	**82,177**
Capital expenditure	8	0	8	0
Group Segmental Total	**44,125**	**(957)**	**43,168**	**82,177**

2 ANALYSIS OF NET EXPENDITURE BY SEGMENT (continued)

2.1 Transition and Closure Costs

QCDA incurred the following costs as a result of the Transition and Closure:

	£000
Staff Exit Packages (Note 3.1)	2,049
Transfer and Closure team	534
Information Management team	259
Exit Costs from suppliers	97
Closure Team Costs	183
External Legal advice	82
Learning and Development	164
Managers' Consultation	37
HR Team costs	622
Posters, Printing and Postage for Closure Meetings	3
Governance Team costs	88
IT decommissioning	463
Total	**4,581**

Staff exit packages are made up of £1,151k paid and accrued in 2011-12 together with the utilisation of £898k of the redundancy provision made in 2010-11. QCDA has incurred additional time and effort across a range of activities as a result of closure but where they have been difficult to track or quantify they have not been formally identified. Transition and Closure costs incurred in 2010-11 were not quantified.

2.2 DfE Charges

QCDA incurred charges to 31 March 2012 amounting to £1,809k which were for the benefit of the Department for Education. These costs included the use of QCDA staff on secondment to the Department, refurbishment in advance of the occupation of the Earlsdon Park building by the Department and other Agencies, and the occupation of a number of floors of the building.

QCDA has incurred additional time and effort across a range of activities for the benefit of DfE but where they have been difficult to track or quantify they have not been formally identified. Paragraph 27 in the Management Commentary provides additional detail.

3 STAFF NUMBERS AND RELATED COSTS

3a) Staff costs comprise

	2011-12 QCDA £000	2010-11 QCDA £000
Wages and salaries	8,039	20,794
Social security costs	850	1,861
Pension costs	1,580	3,810
Agency/contract staff and secondment costs	2,707	5,652
Total net costs	13,176	32,117
(Less) Bonus accrual re 2010-11 reversed in 2011-12	(1,000)	0
	12,176	**31,117**
Plus recoveries in respect of outward secondments	0	38
Total net costs	**12,176**	**32,155**

Recoveries in respect of outward secondments have been treated as Other Income (Note 6).

QCDA Enterprises Limited had no employees during the period.

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

For the year to 31 March 2012, employers' contributions of £1,563,220 were payable to the PCSPS (2010-11: £4,425,348) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (the rates in 2010-11 were the same). The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2011-12 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, i.e. a stakeholder pension with an employer contribution. Employer contributions of £16,872 to 31 March 2012 (2010-11: £68,832), were paid to a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1,233 (2010-11: £493), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the statement of financial position date were £nil (2010-11: £nil). Contributions prepaid at that date were £nil (2010-11: £nil).

3b) Average number of persons employed

	Staff Number	Senior Staff Number	Agency Number	**2011-12 Total QCDA Number**	**2010-11 Total QCDA Number**
Programme	83	0	0	**83**	247
Administration	90	3	18	**111**	223
	173	**3**	**18**	**194**	**470**

QCDA Enterprises Limited had no employees during the period. Since 2009-10 the proportion of programme staff has reduced from 74% of the total headcount to 43%, reflecting the reduction of programme activity since the announcement of closure in May 2010.

3.1 REPORTING OF CIVIL SERVICE AND OTHER COMPENSATION SCHEMES - EXIT PACKAGES

		2011-12			2010-11		
1	Exit package cost band	Number of compulsory redundancies	Number of other departures	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures	Total number of exit packages by cost band
2	< 10,000	0	30	30	0	19	19
3	£10,000 - £25,000	0	29	29	0	29	29
4	£25,000 - £50,000	0	17	17	0	42	42
5	£50,000 - £100,000	0	5	5	0	35	35
6	£100,000 - £150,000	0	1	1	0	7	7
7	£150,000 - £200,000	0	0	0	0	0	0
8	£200,000- £250,000	0	1	1	0	4	4
9	**Total number of exit packages by type**	**0**	**83**	**83**	**0**	**136**	**136**
10	**Total resource cost £**	**0**	**2,048,970**	**2,048,970**	**0**	**6,370,446**	**6,370,446**

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where QCDA has agreed early retirements, the additional costs are met by QCDA and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme (PCSPS) and are not included in the table. The 83 exit packages represent 69 leavers in the current period and 14 leavers from the previous financial year.

4 ANALYSIS OF COSTS BY PROGRAMME

Following the announcement of the closure of QCDA, the delivery remit was limited to the National Curriculum Assessment and Examination Delivery support.

The 2010-11 comparatives have been restated on the same basis (figures exclude staff costs).

	2011-12 QCDA £000	2010-11 QCDA £000
National Curriculum Assessment (until 30-09-11)	14,137	29,831
Examination Delivery (until 31-10-11)	5,932	11,475
Other ceased programme activities	0	6,946
Administration	0	1,092
Total QCDA Programmes	**20,069**	**49,344**

National Curriculum Assessment activity has passed to the new Standards & Testing Agency.
Examination Delivery activity has passed to Department for Education.

5 OTHER EXPENDITURE

QCDA	2011-12	2010-11
	QCDA	**QCDA**
	£000	**£000**
Running costs	2,911	8,058
Rentals under operating leases	1,450	7,915
Professional services and training	608	656
Travel and subsistence	98	887
Other accommodation costs	1,428	2,097
Other charges	28	10
External audit fees	50	59
Authority expenses	1	13
Non-cash items		
ACP creditor adjustment	151	0
Rent provision utilised	0	(7,847)
Impairment on property, plant and equipment	0	790
Impairment on intangible assets	0	1,449
Loss on disposal of property, plant and equipment	25	859
Loss on foreign currency	0	5
	6,750	**14,951**
Relocation and redundancy costs (not included above)	**1,248**	**806**

5 OTHER EXPENDITURE (continued)

Group	2011-12	2010-11
	Group	**Group**
	£000	**£000**
Running costs	3,228	8,058
Rentals under operating leases	1,450	7,915
Professional services and training	658	684
Travel and subsistence	98	887
Other accommodation costs	1,428	2,097
Other charges	49	1,733
External audit fees	50	73
Authority expenses	1	13
<u>Non-cash items</u>		
ACP creditor adjustment	151	0
Rent provision utilised	0	(7,847)
Impairment on property, plant and equipment	0	790
Impairment on intangible assets	0	1,449
Loss on disposal of property, plant and equipment	25	859
Loss on foreign currency	0	5
	7,138	**16,716**
Relocation and redundancy costs (not included above)	**1,248**	**806**

External audit fees for QCDA to 31 March 2012 amounted to £50,000. The financial statements for QCDA Enterprises Limited will not be subject to audit in the current year as the company was placed in Member's Voluntary Liquidation in January 2012. Taxation services provided by KPMG LLP to QCDA Enterprises Limited will be part of the liquidation.

Professional services and training of £657,799 (2010-11: £684,424) includes legal costs of £334,968 (2010-11: £46,962).

6 OTHER INCOME

QCDA	**2011-12**	**2010-11**
	QCDA	**QCDA**
	£000	**£000**
Qualifications, Curriculum and Assessment Authority for Wales	0	47
Northern Ireland Council for the Curriculum Examinations and Assessment	0	34
Contract Income	17	72
Other Income	375	641
Rent and Service Charge Receivable	0	911
Management and support services recharge to QCDA Enterprises Limited	264	527
	656	**2,232**
Interest receivable (not included above)	**0**	**0**

Group	**2011-12**	**2010-11**
	Group	**Group**
	£000	**£000**
Qualifications, Curriculum and Assessment Authority for Wales	0	47
Northern Ireland Council for the Curriculum Examinations and Assessment	0	34
Contract Income	17	72
Other Income	375	285
Rent and Service Charge Receivable	0	911
QCDA Enterprises Limited gross turnover	565	3,842
	957	**5,191**
Interest receivable (not included above)	**1**	**1**

6 OTHER INCOME (continued)

6a) Trading Activities

QCDA Enterprises Limited was a wholly owned trading subsidiary of QCDA selling QCDA publications and products. The company ceased trading at the end of September 2011 with activity transferring to the Standards Testing Agency. The company was placed in Members' Voluntary Liquidation on 31 January 2012.

QCDA Enterprises Limited acted as a trading vehicle for QCDA and during the year continued to sell educational materials and license the use of intellectual property arising from QCDA activities. Historically the majority of income and profit has been earned in the final quarter (January to March) with indirect overhead costs being incurred evenly throughout the year, resulting in a loss for the period.

	2011-12	2010-11
Group		
	Group	**Group**
	£000	**£000**
Income (including interest receivable)	565	3,842
Costs	(651)	(2,648)
(Loss)/Surplus before taxation	**(86)**	**1,194**
Taxation	12	(334)
(Loss)/Surplus after taxation	**(74)**	**860**

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

7 TAXATION

	2011-12	2010-11
Group		
	Group	**Group**
	£000	**£000**
Reconciliation of effective tax rate		
Trading profit/ (loss) for the year subject to tax	(86)	1,194
Total tax (refund)	(12)	334
Recognised in the Statement of Comprehensive Net Expenditure		
Current tax (refund)expense - Current year	(12)	334
	(12)	**334**

Refund due for UK Corporation Tax.

8 PROPERTY, PLANT AND EQUIPMENT for QCDA and Group

Year to 31 March 2012	Fixtures and Fittings	Refurbishment	Information Technology	Total
	£000	£000	£000	£000
Cost or valuation				
As at 01 April 2011	3,853	0	4,452	**8,305**
Additions	8	0	0	**8**
Disposals	(66)	0	(1,856)	**(1,922)**
Impairments	0	0	0	**0**
Revaluations	0	0	0	**0**
As at 31 March 2012	**3,795**	**0**	**2,596**	**6,391**
Depreciation				
As at 01 April 2011	(661)	0	(4,452)	**(5,113)**
Charged in year	(310)	0	0	**(310)**
Disposals	42	0	1,856	**1,898**
Impairments	0	0	0	**0**
Revaluation	0	0	0	**0**
As at 31 March 2012	**(929)**	**0**	**(2,596)**	**(3,525)**
Net book value				
As at 31 March 2012	**2,866**	**0**	**0**	**2,866**
As at 31 March 2011	**3,192**	**0**	**0**	**3,192**
Asset financing:				
Owned	2,866	0	0	2,866
Net book value as at 31 March 2012	2,866	0	0	2,866

Disposals to Department for Education during the year to 31 March 2012 were made as follows: Cost £111,409 and Accumulated Depreciation £111,409.

Disposals to Remploy, for decommissioning IT equipment, during the year to 31 March 2012 were made as follows: Cost £287,110 and Accumulated Depreciation £287,110.

The disposal of remaining assets at 83 Piccadilly was recognised in the year to 31 March 2012. Cost £1,515,826 and Accumulated Depreciation £1,491,198.

Under the Property Transfer Scheme on 01 April 2012 QCDA the assets above, with a net book value of £2,866,010, transferred to the Department for Education.

QCDA Enterprises Limited held no non-current assets during the year ending 31 March 2012.

8 PROPERTY, PLANT AND EQUIPMENT for QCDA and Group (continued)

Year to 31 March 2011	**Fixtures and Fittings**	**Refurbishment**	**Information Technology**	**Total**
	£000	**£000**	**£000**	**£000**
Cost or valuation				
As at 01 April 2010	5,460	4,754	4,459	**14,673**
Additions	0	0	0	**0**
Disposals	(1,606)	(4,754)	0	**(6,360)**
Impairments	0	0	0	**0**
Revaluations	(1)	0	(7)	**(8)**
As at 31 March 2011	**3,853**	**0**	**4,452**	**8,305**
Depreciation				
As at 01 April 2010	(1,915)	(3,921)	(2,798)	**(8,634)**
Charged in year	(326)	0	(868)	**(1,194)**
Disposals	1,580	3,921	0	**5,501**
Impairments	0	0	(790)	**(790)**
Revaluation	0	0	4	**4**
As at 31 March 2011	**(661)**	**0**	**(4,452)**	**(5,113)**
Net book value				
As at 31 March 2011	**3,192**	**0**	**0**	**3,192**
As at 31 March 2010	**3,545**	**833**	**1,661**	**6,039**
Asset financing:				
Owned	3,192	0	0	3,192
Net book value at 31 March 2011	**3,192**	**0**	**0**	**3,192**

QCDA Enterprises Limited held no non-current assets during the year to 31 March 2011.

9 INTANGIBLE ASSETS for QCDA and Group

Year to 31 March 2012	**Development Expenditure**	**Software Licences**	**Total**
	£000	**£000**	**£000**
Cost or valuation			
At 01 April 2011	8,454	465	**8,919**
Additions	0	0	**0**
Disposals	(8,454)	(399)	**(8,853)**
Impairments	0	0	**0**
As at 31 March 2012	**0**	**66**	**66**
Amortisation			
At 01 April 2011	(5,073)	(465)	**(5,538)**
Charge in year	0	0	**0**
Disposals	5,073	(399)	**5,472**
Impairments	0	0	**0**
As at 31 March 2012	**0**	**(66)**	**(66)**
Net book value			
As at 31 March 2012	**0**	**0**	**0**
As at 31 March 2011	**3,381**	**0**	**3,381**

Disposals to Department for Education during the nine months ending 31 March 2012 were made as follows: Cost £8,454,000 and Accumulated Depreciation £5,073,200.

The disposal of remaining assets at 83 Piccadilly was recognised in the year to 31 March 2012. Cost £398,948 and Accumulated Depreciation £398,948.

Under the Property Transfer Scheme on 01 April 2012 QCDA the assets above, with a net book value of £nil, transferred to the Department for Education.

QCDA Enterprises Limited held no non-current assets during the year to 31 March 2012.

9 INTANGIBLE ASSETS for QCDA and Group (continued)

Year to 31 March 2011	**Development Expenditure**	**Software Licences**	**Total**
	£000	**£000**	**£000**
Cost or valuation			
At 01 April 2010	8,454	465	**8,919**
VAT adjustment	0	0	**0**
Additions	0	0	**0**
Impairments	0	0	**0**
At 31 March 2011	**8,454**	**465**	**8,919**
Amortisation			
At 01 April 2010	(2,416)	(465)	**(2,881)**
Charge in year	(1,208)	0	**(1,208)**
Impairments	(1,449)	0	**(1,449)**
At 31 March 2011	**(5,073)**	**(465)**	**(5,538)**
Net book value			
As at 31 March 2011	**3,381**	**0**	**3,381**
As at 31 March 2010	**6,038**	**0**	**6,038**

QCDA Enterprises Limited held no non-current assets during the year to 31 March 2011.

10 FINANCIAL INSTRUMENTS

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

11 INVENTORIES

	31 March 2012 Group	**31 March 2011 Group**
	£000	**£000**
Inventories - held by QCDA Enterprises Limited	0	30
	0	**30**

Stock at 30 September 2011 was transferred to the Standards & Testing Agency at £nil value and has been written off to cost of sales in QCDA Enterprises Ltd.

12 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

QCDA	31 March 2012 QCDA £000	31 March 2011 QCDA £000
Amounts falling due within one year		
Trade receivables	33	102
Amount receivable from subsidiary undertaking	0	602
Other receivables	0	270
VAT	0	312
Prepayments and accrued income	349	469
Total Trade Receivables and Other Current Assets	**382**	**1,755**

Group	31 March 2011 Group £000	31 March 2011 Group £000
Amounts falling due within one year		
Trade receivables	33	1,798
Other receivables	0	271
VAT	0	454
Prepayments and accrued income	349	535
Total Trade Receivables and Other Current Assets	**382**	**3,058**

As at 31 March 2012, no members of staff had loans outstanding (2010-11: £7,890).

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

Trade receivables include a provision for a doubtful debt of £3,333 for QCDA and £30,884 for the Group (2010-11: £12,489 QCDA and £25,224 Group).

12 TRADE RECEIVABLES AND OTHER CURRENT ASSETS (continued)

As at 31 March 2012, 2 balances (2010-11: 5) were outstanding with other government bodies:

QCDA	31 March 2012 QCDA £000	31 March 2011 QCDA £000
Other central government bodies	2	377
Local authorities	0	130
Balances with bodies external to the government	380	1,248
Total	**382**	**1,755**

Group	31 March 2012 Group £000	31 March 2011 Group £000
Other central government bodies	2	519
Local authorities	0	1,759
Balances with bodies external to the government	380	780
Total	**382**	**3,058**

13 CASH AND CASH EQUIVALENTS

QCDA	31 March 2012 QCDA £000	31 March 2011 QCDA £000
Balance at 01 April 2011	490	764
Net change in cash and cash equivalent balances	(490)	(274)
Balance at 31 March 2012	**0**	**490**
The following balances at 31 March 2012 were held at:		
Government Banking Service	0	462
Commercial banks and cash in hand	0	8
National Occupational Standards' Development	0	20
Balance at 31 March 2012	**0**	**490**

13 CASH AND CASH EQUIVALENTS (continued)

Group	31 March 2012 Group £000	31 March 2011 Group £000
Balance at 01 April 2011	3,064	1,961
Net change in cash and cash equivalent balances	(613)	1,103
Balance at 31 March 2012	**2,451**	**3,064**
The following balances at 31 December 2011 were held at:		
Government Banking Service	0	462
Commercial banks and cash in hand	2,451	2,582
National Occupational Standards' Development	0	20
Balance at 31 March 2012	**2,451**	**3,064**

QCDA had a separate bank account for National Occupational Standards' Development.

14 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

QCDA	31 March 2012 QCDA £000	31 March 2011 QCDA £000
Amounts falling due within one year		
VAT	0	0
Other taxation and social security	0	0
Trade payables	247	5,839
Other payables	463	991
Accruals and deferred income	1,221	7,031
Pension liabilities (Annual Compensation Payments)	697	728
	2,628	**14,589**
Amounts falling due after more than one year		
Pension liabilities (Annual Compensation Payments)	2,363	2,497
Deferred income	2,267	2,467
	4,630	**4,964**
Total Trade Payables and Other Current Liabilities	**7,258**	**19,553**

14 TRADE PAYABLES AND OTHER CURRENT LIABILITIES (continued)

	31 March 2012	31 March 2011
Group	**Group**	**Group**
Amounts falling due within one year	**£000**	**£000**
VAT	0	0
Other taxation and social security	0	0
Trade payables	283	6,799
Other payables	492	999
Accruals and deferred income	1,221	7,355
Pension liabilities (Annual Compensation Payments)	697	728
	2,693	**15,881**
Amounts falling due after more than one year		
Pension liabilities (Annual Compensation Payments)	2,363	2,497
Deferred income	2,267	2,467
	4,630	**4,964**
Total Trade Payables and Other Current Liabilities	**7,323**	**20,845**
Corporation Tax (Debtor)/Creditor (not included above)	(12)	141
Total Trade Payables and Other Current Liabilities (including Corporation Tax)	**7,311**	**20,986**

14 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

As at 31 March 2012, 7 balances (2010-11: 10) were outstanding with other government bodies:

	31 March 2012	31 March 2011
QCDA	**QCDA**	**QCDA**
	£000	**£000**
Other central government bodies	1	1,075
Local authorities	6	487
Balances with bodies external to the government	7,251	17,991
Total	**7,258**	**19,553**

	31 March 2012	31 March 2011
Group	**Group**	**Group**
	£000	**£000**
Other central government bodies	1	1,216
Local authorities	6	487
Balances with bodies external to the government	7,304	19,283
Total	**7,311**	**20,986**

14 TRADE PAYABLES AND OTHER CURRENT LIABILITIES (continued)

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

Accruals and deferred income includes deferred income in the amount of £2,466,667 in respect of a contribution received from the landlord/developer of the property at Earlsdon Park against the lease costs. £200,000 was released to the Statement of Comprehensive Net Expenditure account in period to March 2012, as an offset against total rental costs. The remainder has been deferred and is being released over the remaining period of the lease.

The Annual Compensation Payment Pension Liability is calculated on a Net Present Value basis over the period in which payments will be made. A discount rate of 2.8% per annum has been applied to the cash value of future payments to reflect the time value of money.

15 PROVISIONS FOR LIABILITIES AND CHARGES

QCDA and Group	Additional Pension Liability	Relocation Programme - Redundancy	Rent - 83 Piccadilly London	Total
	£000	£000	£000	£000
Balance at 01 April 2011	0	1,500	0	**1,500**
Provisions created in the year	3,176	0	0	**3,176**
Provisions utilised in the year	(272)	(1,500)	0	**(1,772)**
Provisions written back	0	0	0	**0**
Balance at 31 March 2012	**2,904**	**0**	**0**	**2,904**

QCDA and Group	Additional Pension Liability	Relocation Programme - Redundancy	Rent - 83 Piccadilly London	Total
	£000	£000	£000	£000
Balance at 01 April 2010	0	12,561	20,556	**33,117**
Provisions created in the year	0	0	0	**0**
Provisions utilised in the year	0	(9,715)	(7,847)	**(17,562)**
Provisions written back	0	(1,346)	(12,709)	**(14,055)**
Balance at 31 March 2011	**0**	**1,500**	**0**	**1,500**

ADDITIONAL LIABILITY UNDER THE ANNUAL COMPENSATION PAYMENTS SCHEME

A provision has been set for additional payments in respect of certain former employees who are currently in receipt of Annual Compensation Payments. The liability crystallises when the members reach age 60. The provision is calculated on a Net Present Value basis over the period in which payments will be made. A discount rate of 2.8% per annum has been applied to the cash value of future payments to reflect the time value of money.

16 CAPITAL COMMITMENTS

There were no contracted capital commitments at 31 March 2012 (0: 31 March 2011).

17 COMMITMENTS UNDER LEASES

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

	2011-12 QCDA & Group £000	2010-11 QCDA & Group £000
Obligations under operating leases comprise:		
Building		
Not later than one year	0	1,423
Later than one year and not later than five years	0	5,693
Later than five years	0	10,437
	0	**17,553**
Other		
Not later than one year	0	30
Later than one year and not later than five years	0	17
Later than five years	0	0
	0	**47**
Total commitments under leases	**0**	**17,600**

As a non-going concern all operating lease commitments transfer to the Department for Education with effect from 01 April 2012, therefore there is no requirement to report future commitments.

There are no commitments under finance leases.

18 OTHER FINANCIAL COMMITMENTS

All QCDA contracts have either been terminated or transferred to the Department for Education. As a result there are no future financial commitments other than those identified and accounted for in the Statement of Financial Position at 31 March 2012.

	2011-12 QCDA & Group £000	2010-11 QCDA & Group £000
Not later than one year	0	22,699
Later than one year and not later than five years	0	1,364
Later than five years	0	0
Total other financial commitments	**0**	**24,063**

19 CONTINGENT LIABILITIES DISCLOSED UNDER IAS 37

QCDA has an outstanding contractual indemnity claim against a contractor arising from damage caused to the Earlsdon Park building by a negligent subcontractor. QCDA is obliged to indemnify the landlord for the damage under the terms of its Leases. The contractor has informed QCDA that its insurer has confirmed that it will meet the loss and therefore no provision has been made in the accounts.

20 RELATED PARTY TRANSACTIONS

The following transactions were made for work awarded under QCDA's normal contracting procedures for organisations linked to Board Members and Executive staff plus bodies within the Department for Education boundaries:

	Debit Transactions Value 31 March 2012	**Credit Transactions Value 31 March 2012**	**Total Transactions Value 31 March 2012**	**Balance Outstanding at 31 March 2012**	**Balance Outstanding at 31 March 2011**
	£	**£**	**£**	**£**	**£**
RM Education plc	0	(40,515)	(40,515)	0	0
Assessment & Qualifications Alliance	0	0	0	0	737
Chartered Institute of Educational Assessors	0	(17,500)	(17,500)	0	0
Chartered Institute of Personnel & Development	0	(4,878)	(4,878)	0	0
Association of Chief Executives	0	(724)	(724)	0	0
Manchester Diocese Church of England	0	(1,951)	(1,951)	0	0
Shenfield High School	0		0	0	(1,950)
Specialist Schools and Academies Trust	0	(215)	(215)	0	0
University of Coventry	0	(7,576)	(7,576)	0	0
Medway County Council	0	(175)	(175)	0	0
Department for Education - Grant in Aid	51,797,060	0	51,797,060	0	0
Department for Education	0	0	0	0	483
Young People's Learning Agency	0	0	0	0	(3,906)
	51,797,060	**(73,534)**	**51,723,526**	**0**	**(4,636)**

20 RELATED PARTY TRANSACTIONS (continued)

The following transactions were made for work awarded under QCDA's normal contracting procedures in relation to Other Government Departments (not included above):

	Debit Transactions Value 31 March 2012	Credit Transactions Value 31 March 2012	Total Transactions Value 31 March 2012	Balance Outstanding as 31 March 2012	Balance Outstanding as 31 March 2011
	£	£	£	£	£
National School of Government	0	(5,065)	(5,065)	0	(895)
Inland Revenue	0	(1,867,243)	(1,867,243)	0	(50,459)
Contributions Agency	0	(1,411,107)	(1,411,107)	0	(238,225)
Civil Superannuation Vote	0	(1,822,571)	(1,822,571)	0	(290,111)
Her Majesty's Court Service	0	(204)	(204)	0	(51)
Department for Education, Lifelong Learning Skills in Wales	0	0	0	0	47,173
Learning & Skills Improvement Services	0	0	0	0	40,574
House of Commons	48,822	0	48,822	0	9,764
Ofqual	73,920	0	73,920	1,281	0
	122,742	**(5,106,190)**	**(4,983,448)**	**1,281**	**(482,230)**
Total Related Party Transactions	**51,919,802**	**(5,179,724)**	**46,740,078**	**1,281**	**(486,866)**

21 THIRD PARTY ASSETS

The third party asset shown below, at 31 March 2011, was not included in the QCDA accounts as the ownership was in dispute between QCDA, Ofqual and Department for Education. It represented income received in 2010-11 for a grant relating to 2009-10 for an area of work transferred to Ofqual on demerger from QCA on 01 April 2010. As at 31 March 2012 the amount has been repaid to Department for Education.

	31 March 2012 QCDA	**Gross Inflows**	**Gross Outflows**	**31 March 2011 QCDA**
	£000	**£000**	**£000**	**£000**
Monetary assets (cash held)	0	0	(35)	35
	0	**0**	**(35)**	**35**

22 LATE PAYMENT OF COMMERCIAL DEBTS

There were 6 (2010-11: 4) instances of late payment penalties being incurred to 31 March 2012 totalling £3,077 (2010-11: £195).

23 LOSSES AND SPECIAL PAYMENTS

There were 2 (2010-11: 1) instances of special payments being incurred to 31 March 2012 totalling £48,000 (2010-11: £2,333). These were approved by Treasury.

24 EVENTS AFTER THE REPORTING PERIOD

On 1 April 2012 a statutory transfer of QCDA assets and liabilities was made to the Department for Education. QCDA Enterprises Limited was placed in Members Voluntary Liquidation on 31 January 2012. Once the liquidation process is complete a cash distribution, equivalent to the net assets of the company, will be made to the Department for Education as the successor body to QCDA.

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