AQA Education

A company limited by guarantee

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Registered company number 3644723

Registered charity number 1073334

www.aqa.org.uk

AQA Education
Directors' and Trustees' Report including Strategic Report

INTRODUCTION

AQA Education (AQA) is a company limited by guarantee; it does not have share capital and is a registered charity. The directors, who are AQA Trustees and constitute the members of the Charity, present the Directors' and Trustees' Report which includes the Strategic Report and the audited Consolidated Financial Statements for the year ended 31 March 2021.

The Board of Trustees is, for company law purposes, also the Board of Directors and has ultimate responsibility for the Charity's activities. It exercises its powers through the Chief Executive Officer (CEO) who is also a Trustee.

STRUCTURE

AQA's directors during the reporting year and up to the date of this report were:

Mr M Bedlow (resigned 31 August 2020)
Mr M Bramwell (resigned 1 August 2021)
Mr J Dahl
Dr A Hadawi (appointed 1 July 2021)
Ms P Hird (Vice Chair)
Mr C Hughes (appointed 1 September 2020)
Ms E Kitcatt
Mr N Kiyani
Ms L Martini (appointed 1 July 2021)
Ms A Modan
Mrs S Moore
Mr M Nicholson
Ms D O'Donoghue (appointed 1 July 2021)
Professor M Rand-Weaver
Ms S Shahani (resigned 15 January 2021)
Ms J Smith (resigned 1 August 2021)
Ms I Sutcliffe
Mr M Turner
Mr J van Wijngaarden (Chair)

Trustee vacancies are advertised when there is a particular skills gap and when a term of office comes to an end; within the overall membership of the Board of Trustees. Education sector representation is crucial to maintaining the integrity of the Board of Trustees and ensuring that the business focus is balanced alongside its charitable aims. AQA liaises with national education bodies actively and consistently to ensure the skills and interests of the applicants dovetail with the particular requirements for an effective Board of Trustees.

A number of the trustees also served on governance and advisory committees and as chairs of the following committees during the reporting year.

Governance committees

Committee Chairs Group	Mr J van Wijngaarden
Finance Committee	Mr N Kiyani
Audit, Risk and Compliance Committee	Mr M Turner
Awarding Standards Committee	Mr J van Wijngaarden
Nominations Committee	Mr J van Wijngaarden
Remuneration Committee	Ms P Hird

Advisory committees

Curriculum and Assessment Quality Committee	Mrs S Moore
Research Committee	Professor J Baird (non-trustee)
Student Advisory Group	Ms E Kitcatt
Irregularities and Appeals Committee	Mr M Bramwell

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

AQA's Articles of Association provide for a range of governance and advisory committees as well as its Board of Trustees. All the committees, except the Research Committee, are chaired by trustees and, with the exception of the Committee Chairs Group, Awarding Standards Committee, Nominations Committee and Remuneration Committee include both trustees and independent members within their membership. This provides a breadth of experience in teaching and assessment, as well as commercial, operational and other professional and technical skills.

Governance committees

Due to the coronavirus pandemic throughout 2020/2021, all governance meetings scheduled from March 2020 took place online.

- **Committee Chairs Group**: meets as required and acts on behalf of the Board of Trustees as a clearing house for time-critical decisions. It is also a preliminary review group for strategic analysis and a special study group as required. This committee reports to the Board of Trustees on such activities.

- **Finance Committee**: meets at least four times a year and is responsible for reporting to the Board of Trustees on all matters relating to AQA's financial strategy, financial management and investment management.

- **Audit, Risk and Compliance Committee**: meets at least four times a year and reports to the Board of Trustees on the integrity and regulatory compliance of AQA's annual financial statements; the independence and performance of the external and internal auditors; and the functioning of AQA's internal controls, risk management and regulatory compliance controls. The committee has oversight of and the role to challenge the effectiveness of AQA's compliance activity, including review of the annual compliance review plan, receipt of reports and activity relating to the annual Statement of Compliance process.

- **Awarding Standards Committee:** meets only if required, prior to publishing results for each exam series, for rapid consideration of the issues involved when there is a serious standards-related matter arising. This committee reports to the Board of Trustees on such activity.

- **Nominations Committee:** meets at least once a year and makes recommendations to the Board of Trustees on the appointment and continuation in office of trustees, ensuring that appropriate procedures are in place for their selection, training and evaluation. It also makes recommendations on Independent Members of the Governance Committees succession.

- **Remuneration Committee:** meets at least once a year and acts on behalf of the Board of Trustees regarding appropriate remuneration and terms of service for the chief executive officer, other members of the Executive Team and trustees when required. This committee reports to the Board of Trustees on such activities.

Advisory committees

- **Curriculum and Assessment Quality Committee:** meets three times a year and advises the Executive Team on all educational matters relating to the curriculum and monitors performance against agreed quality assurance measures.

- **Research Committee**: meets three times a year and advises the Executive Team on all matters relating to research and technical aspects of assessment so as to ensure that AQA maintains its leading place nationally in assessment research.

Advisory committees (continued)

- **Student Advisory Group:** meets three times a year and comprises students who have recently taken or are studying for AQA qualifications. The group provides a student perspective on the exam process and experience to give a unique insight into AQA's impact on students.

- **Irregularities and Appeals Committee:** meets at least twice a year and updates the Executive team and Board of Trustees on all matters relating to exam irregularities and appeals. It decides on appropriate action in all serious alleged cases of teacher and student malpractice relating to AQA's exams, and oversees and contributes to the operation of AQA's appeals procedures. In 2020, this committee transitioned into an Advisory Committee. Terms of Reference were changed to clarify this and the committee now reports into the CEO directly, with updates to the Board of Trustees. The number of meetings held varies, dependent on caseloads. It decides on appropriate action in all serious alleged cases of teacher and student malpractice relating to AQA's exams, and oversees and contributes to the operation of AQA's appeals procedures.

AQA's day-to-day business is carried out by the CEO, Mr Colin Hughes*, and a team of senior executives who make up the Executive Team:

- Mark Bedlow (Operations)
- Tracey Newman (Customer and Sales)
- Lisa Pearl (People)
- Alex Scharaschkin (Research and Regulation)
- Shabnam Shahani (Strategy and Business Development)
- David Shaw (Business Solutions)
- Nick Stevens (Finance and Corporate Services)
- Michael Turner (Corporate Affairs and Marketing)

*On 31 August 2020, Mr Mark Bedlow stepped down as interim CEO and Mr Colin Hughes took up the CEO role.

Group structure

AQA is an education charity and a leading provider of qualifications and support services for teachers and students. It also provides services through two wholly-owned subsidiary companies: Doublestruck Limited (Doublestruck) and DRS Data Services Limited (DRS), which along with AQA make up the Group and are detailed below.

- Doublestruck Limited is a company incorporated in England and Wales and limited by shares (company number: 02373295) and is wholly-owned by AQA. It operates as a provider of online databases of past paper questions for primary and secondary schools to support high quality, focused teaching and assessment for all ages.

- DRS Data Services Limited (company number: 05568337) is a company incorporated in England and Wales and limited by shares and wholly-owned by AQA. It operates as a data capture bureau offering printing and scanning services, and provides the online marking platform used by examiners and markers.

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

Commercial partnership

In May 2015, AQA formed a 50/50 joint venture company with Oxford University Press, Oxford International AQA Examinations Limited. The company offers a suite of international GCSE, AS and A-level qualifications to schools outside the UK that teach a British curriculum. The qualifications are designed and delivered by AQA and externally validated to ensure they are comparable to UK qualifications.

EMPLOYMENT PRACTICES AND PAY

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

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

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

Gender pay gap

In March 2021 we published our gender pay report, which shows that our median pay gap in 2020 has increased to 12.6% from 8.4%. We had seen a decrease in our mean gender pay gap to 9.5% from 9.9% in 2019.

The rise in our median pay gap is an unwelcome outcome, although it remains below the national median gender pay gap in 2020 of 15.5%. Given the size of our organisation, small changes in the employee profile can result in the gap widening. In 2020 we had more men than women join AQA in senior level roles, which has contributed to the deterioration in our median pay gap.

We are committed to addressing these gaps by building on opportunities for women to grow and develop and we are working to remove the barriers that hold them back. Our Empowering Women programme is in its third year and has 34 people in the 2021 cohort, the largest group so far, and we are also continuing to hone our talent agenda, taking a more pro-active approach to career progression and individual development. We are also making changes to our family friendly and flexible working procedures to ensure career progression at AQA is compatible with family life for all employees.

We are making inroads and during the year we appointed two women to the Executive Team, one being an internal promotion which sets a great example for female colleagues across AQA.

Ethnicity pay gap

We think the right thing to do is to monitor our employment levels and pay gap across different groups, including ethnicity. It is likely that formal ethnicity pay gap reporting will be required in the near future. To produce the report, we are reliant on colleagues disclosing their ethnicity within our HR system and we are encouraging all colleagues to do so. We know that we need to improve in this area. The main factor driving this is the lack of ethnic diversity across the organisation particularly in our senior manager and leadership levels. This means the average earning level currently of BAME colleagues in AQA is less than non-BAME colleagues.

Work is needed to increase the representation of BAME colleagues across our pay quartiles. To begin, we are taking steps to recruit and retain a more diverse workforce, and we are also reviewing career progression and development to see if there are any factors that are inhibiting ethnic minority groups from progressing.

We are committed to building a diverse and inclusive culture to make sure AQA is a great place to work. We are proud to be a member of the Business in the Community 'Race at work charter', and in 2020 we also introduced an Equality, Diversity and Inclusivity steering group, driving activity to encourage positive action and embed change alongside our diversity network groups e.g. People of Colour group, LGBTQ+ network.

EMPLOYMENT PRACTICES AND PAY (continued)

Improving diversity through recruitment

The students and teachers that we support through our work at AQA are from many backgrounds, so it's vital that we have an inclusive and diverse workforce that understands and reflects their needs, and optimises our level of talent and diversity of thought.

The way that we recruit and retain talent is a fundamental enabler to our diversity, which is why we are introducing an early years programme, whereby we will be opening up opportunities to join AQA through new apprenticeship and graduate schemes. By working closely with local authorities, colleges student union groups, specialist partners and charities, we will be looking to attract a new mix of talent and providing them with the opportunity to build a successful and rewarding career with us.

We are also working hard to identify how we can improve our recruitment processes generally across all roles and levels and have recently gained some good insight thanks to analysis completed by the Equality Diversity and Inclusion (ED&I) recruitment and talent workstream. Every stage of the recruitment process has had an impact on our findings, so the workstream is developing a number of recommendations that help give more clarity and drive improvements throughout the process.

Our plans include interrogating our recruitment material and advertising spaces to ensure we are reaching the broadest range of applicants. We are also encouraging consistent use of detailed reasons throughout the application process to understand why a higher percentage of ethnic minority applicants are unsuccessful and will review our brand image and market perception, particularly in relation to senior roles.

Over the coming months we will continue to review and update our insight, and our actions will be monitored through our ED&I steering group and workstreams. The ongoing accuracy of our gender and ethnicity analysis and reporting is, however, dependent on being able to capture complete and accurate data from our systems.

We have also maintained our focus on promoting and encouraging diversity across all governing groups and, as a result, have continued to improve the diversity of our workforce and Board of Trustees. This ensures that we have the necessary skills, diversity of thinking and people available, to enhance the ability of every advisory committee to deliver on its governance responsibilities, both now and into the future.

Together we can create an AQA that is inclusive and respects everyone as equals, while promoting our differences.

PUBLIC BENEFIT

The Board of Trustees has due regard of the Charities Act 2011 and the Charity Commission guidance on public benefit, in particular the requirement that public benefit can no longer be presumed but must be demonstrated. We are confident in our role as a charity delivering services to the public and meeting the Charity Commission's public benefit requirements now and into the future, with specific attention to ensuring that our services benefit society through advancing education, increasing social mobility and promoting learning. Further details are provided in the Strategic Report. We have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

Ensuring AQA's work delivers its aims

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

STRATEGIC REPORT
OBJECTIVES, ACHIEVEMENTS AND PERFORMANCE

Delivering against our purpose

AQA is an independent education charity and the UK's largest provider of academic and vocational qualifications for schools and colleges.

Our purpose as an organisation is to advance education by enabling students and teachers to realise their potential. Any income we make through providing qualifications is invested back into education.

This means we are mindful of the impact that studying for exams and assessment has on the classroom and the need for our qualifications to support good teaching and learning that helps students progress to the next stage of their lives. Our purpose and our values guide our decision-making, for example:

- We provide a broad range of GCSE, AS, and A-level courses and offer qualifications in a number of low-entry subjects which we think are educationally and socially valuable.
- Our qualifications are designed to enable students no matter what their background, ability or impairment, to demonstrate what they can do.
- Our vocational and work-based qualifications promote lifelong learning and individual attainment and widen participation in education.
- We provide, through the joint venture with Oxford University Press, a range of international GCSE, AS and A-levels to improve education internationally through excellence in teaching, learning and assessment. These qualifications are modelled on our GCSE and A-level qualifications, but are specifically designed for students living outside of the UK who may not have English as a first language. This allows them to succeed fairly on the basis of their subject knowledge.
- We offer a range of flexible training programmes and resources to support teachers, from helping them better understand our specifications to developing their teaching skills.
- As well as students and teachers, we are focused on developing our people, providing opportunities for them to build their skills and to progress.

In 2020 we faced many challenges delivering against our purpose in the face of the pandemic. We adapted to a new landscape, provided schools and colleges with additional support and guidance, and delivered the results that students needed to progress to the next stage of their lives.

As well as our core assessment activities, we also explore opportunities to support more teachers and young people to benefit the overall education system. These activities also help us to deliver on our public benefit.

Investing in students

- AQA Unlocking Potential is a life-changing mentoring programme for young people aged 11 to 19, run in partnership with the Dame Kelly Holmes Trust. This intensive mentoring programme aims to help students develop skills and increase their confidence, motivation and self-belief, and to achieve their full potential. The participants are nominated by teachers or youth workers who think that they would benefit from an inspirational helping hand as they have either faced challenging personal circumstances or have low self-esteem.

  The programme is supported by AQA volunteers and the Dame Kelly Holmes Trust's team of inspirational mentors, which includes Olympic, Commonwealth and World Champion athletes who followed through on their goals, overcame adversity and had the will to succeed in both sport and life.

  The participants work in one-to-one and group sessions over eight months to plan and deliver a social action project which benefits their local community. Despite the challenges of the pandemic, we continued to deliver the programme last summer with all young people joining a virtual celebration event in July. Another 80 students have just embarked on their journey this year with a virtual launch event. The programme has now engaged over 500 students since it began in 2011.

OBJECTIVES, ACHIEVEMENTS AND PERFORMANCE (continued)

Delivering against our purpose (continued)

Investing in students (continued)

- Our Student Advisory Group (SAG) gives young people who are still in school or college, a voice in the examination system. The group, made up of 15 selected students, normally meets three to four times a year, and provides us with students' insights and perspectives on key areas of assessment, such as the use of technology and the design of question papers - helping us to make important decisions about the future of exams, and advises the Executive Team and our Board of Trustees.

Investing in teachers

- As part of our commitment to improving social mobility through education, in 2018 we set up a project to sponsor a group of teachers from areas with low student attainment, to attend residential leadership courses with the Prince's Teaching Institute (PTI). The PTI aims to enhance the impact of teachers within the classroom through professional development, which broadens and deepens their subject knowledge, and in turn inspires young people whatever their ability. We share the PTI's belief that passionate, motivated teachers are key to making education excellent. Due to the pandemic, two out of our cohort of 12 teachers were unable to complete the course. We have committed to another year of funding, so these two teachers will take part in 2021/2022, along with another 12 teachers. The course will be a mix of online and face-to-face sessions depending on the restrictions at the time.

Investing in research and sharing our assessment expertise

- We fund cutting-edge research through AQA Research. This research benefits teachers and students as it has improved the way we design assessments. By collaborating with other academics and institutions we can both add to and draw upon wider knowledge in the sector: for example, we sponsored a Research Fellow at the Oxford University Centre for Educational Assessment from January 2016 until December 2020.

- We have recently completed a three-year partnership research project with the University of Oxford; Project Calibrate, funded by the Wellcome Trust, the Gatsby Foundation and the Royal Society. The aims were to propose improvements to practical science assessment, focusing first on Key Stage 4 in England with key outputs for teachers including CPD, and assessment and teaching resources.

- We share our expertise and research evidence so that it raises the bar in assessment practice around the world, and helps policymakers understand the likely implications and impact of their decisions. It is available to anyone through a searchable online library that covers a wide range of assessment and education topics. We also contribute to peer-reviewed journals and present papers at and participate in national and international education conferences.

- We see it as part of our role to help all our stakeholders, including teachers, students, parents, school governors and the general public to understand assessment. We have developed engaging content, including podcasts and animations, which explain the nuts and bolts of assessment from how we design a qualification to how we award grades, as well as providing content to help explain changes to qualifications. All our content is available through our website and we promote it through a range of channels including social media.

- The cancellation of exams in 2020 and 2021 has had a significant impact on the nature of our work to deliver GCSE, AS and A-level results. The 2020 special Summer series was a significant challenge for AQA and for the assessment industry as a whole, as well as for teachers and students. Effective cross-team working proved essential in managing this unprecedented situation which included developing new systems to capture results and supporting customers.

OBJECTIVES, ACHIEVEMENTS AND PERFORMANCE (continued)

Delivering against our purpose (continued)

- A number of colleagues were directly involved in producing guidance and communications to support teachers in Summer 2020 to approach the task before them. Our researchers also produced advice and tips for teachers around minimising unconscious bias.

- These experiences will doubtless be a great help in enabling us to play a vital role in the arrangements for providing GCSE, AS and A-level grades in Summer 2021 as the disruption continues.

Investing in our communities and our people

- We also believe that to deliver on our charitable purpose, we need to invest in our communities and our people. During the year we supported a number of community activities chosen by employees. This support includes allowing colleagues up to five days' time off to carry out charitable activities, including school governor duties. During the Coronavirus crisis, this has been increased by an additional five days to allow employees to volunteer as part of the NHS volunteering scheme.

- We have a match-funding policy to support charitable activities; this means we make charitable donations equal to or up to an amount raised by AQA employees participating in pre-authorised fundraising activity. In December 2020, as we were unable to provide our usual Christmas lunch for colleagues, we donated the money we would have spent on this to six foodbanks local to the AQA Group offices.

- We also repurposed 166 laptops to support local schools for home schooling in 2020, and donated another 150 in February 2021.

Delivering against our objectives

Our existing strategy took us through to 2020. The objectives we set and what we did to achieve them are shown below.

1) Delivering quality products with reliable, valid and accurate outcomes

Part of our work on quality has been a significant investment in a new digital content authoring solution, which will be used to create high quality, accessible, exam papers. This has also supported the regulatory and compliance work we have been doing to further strengthen the confidentiality of assessment materials.

We regularly review how all our qualifications have performed, scrutinising the data on each question and component, as well as the qualification as a whole. We use our findings to make changes to the way questions are asked or mark schemes are designed, to make sure that all our assessments test students in the most fair and accessible way. We also want to make sure our specifications properly represent diversity of knowledge, human experience and reflect the community of our students. To deliver this we are looking at the content of our assessments from an equality, diversity and inclusivity perspective and will make changes where this is appropriate for students, teachers and the subject. Ultimately, we want to make sure our qualifications remain engaging for teachers and students, ensure a fair and accurate assessment of what young people can do, and enable progression.

While our UK qualifications are taught in 39 countries around the world, we have developed a range of qualifications that is specifically designed to meet the needs of the international market for our joint venture with Oxford University Press, Oxford International AQA Examinations Limited. These new international GCSEs, AS and A-levels are now available to students in 15 countries across the Middle East and Asia. The shared aim of the joint venture is to improve education internationally through excellence in teaching, learning and assessment.

OBJECTIVES, ACHIEVEMENTS AND PERFORMANCE (continued)

Delivering against our objectives (continued)

The Office of Qualifications and Examinations Regulation (Ofqual) is the regulator of qualifications, exams and assessments in England. It ensures that we exercise our responsibilities appropriately against the General Conditions of Recognition (GCoR) and each year we submit our annual declaration of compliance. We have annual regulatory assurance plans to monitor and maintain our compliance.

Through continuous improvements in our quality and customer standards, we will maintain AQA's reputation on regulatory issues relating to the development, delivery and marking of exams.

We are also regulated by Qualifications Wales and Council for the Curriculum, Examinations and Assessment (CCEA) for delivery of examinations in Wales and Northern Ireland respectively.

2) Being trusted and reliable in assessment design and delivery

We provide tools and resources for teachers using our products. We work collaboratively with teachers to ensure these are designed around their teaching needs.

This wide range of tools and resources for teachers includes the following:

- We offer free events covering teaching new qualifications and publish the training materials on our website to share them more widely.
- Continuing Professional Development (CPD): we offer a wide portfolio of qualifications-related training to support teachers to deliver our courses and assessments.
- Formative Assessment: through Doublestruck, we provide searchable databases of past papers for use in primary and secondary assessment and progress testing.
- Resources: we produce high quality teaching and learning resources to support teachers for secondary curriculum.

During the pandemic we increased our support offering to schools and colleges, which included:

- A free of charge programme called Fundamental Skills, this was for all subjects we offer alongside Virtual Communities for English, Maths and Science in the Autumn term.
- A free webinar programme to support teachers to understand the changes for the Summer series.
- Curated AQA and Exampro resources to help teachers identify the learning gaps their students had after lockdown as well as providing recommended resources to help re-engage students to rediscover learning.

3) Providing timely, valued insight and evidence that informs policy

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

In 2020 we played a big role in the rapidly changing policy environment. We did our best to make sure students and teachers could (even with exams being cancelled) still realise their potential. This was done through agile and fast-paced responses to government proposals and by bringing together senior stakeholders from schools, politics, think tanks, and elsewhere in education.

OBJECTIVES, ACHIEVEMENTS AND PERFORMANCE (continued)

Delivering against our objectives (continued)

4) Ensuring sound financial management and a robust asset base

We aim to achieve this by accurately recording and monitoring income and expenditure and planning how we will meet new challenges. We continue to focus on the way we work which ensures we are efficient and therefore achieve good value for money. We continue to work hard to manage our operational costs as being financially prudent means we can help more students go further. As a result of this we are able to subsidise some of our lower volume qualifications. We aim to maintain resources at a level that ensures we are able to meet our financial commitments and obligations as they fall due, fund unexpected expenditure, invest in capital projects, and safeguard the future of the Charity.

In Summer 2020, the cancellation of exams meant that our role in awarding grades was fundamentally changed. Instead of running and marking exams, we worked with Ofqual and other stakeholders to design and deliver an alternative process for awarding grades. The overall financial impact was to reduce our costs. We explained to our customers that we'd never want to profit from the challenging circumstances of the pandemic, and we returned £42,000,000 of entry fees to schools and colleges. We have made the same promise to schools and colleges in 2021 - that we will make sure we pass any money we don't need back to schools and colleges.

Details of our financial activities and performance are detailed in the financial review below.

5) Delivering demonstrably secure, reliable, agile and cost-effective systems

During the reporting year, we continued our work to update our core operational systems while also addressing the specific needs arising from Coronavirus. Our response to the pandemic included a fivefold increase in the number of staff equipped to work from home, as well as implementing a new mechanism to collect Centre Assessed Grades and rapidly refining the process in light of evolving government policy.

We also completed the development and testing of our major new exams processing platform which will significantly improve our resilience and flexibility. It will be implemented in a modified form to meet the Coronavirus disrupted requirements of Summer 2021 ready for full use in a conventional Autumn 2021 exam series.

As part of our strategy to move to 100% e-marking and bring all our e-marking within the AQA family, our new marking system was used successfully for the first time in Summer 2019. Additional functionality was developed for full scale use in Summer 2020 but the cancellation of that exam series meant its first use was deferred. It will be fully used in Autumn 2021.

We have also implemented the early phases of a programme to replace our HR and finance systems and integrate key related processes, to further improve efficiency and effectiveness, which is on target to be completed by the end of 2022/23.

We continue to review and evolve our response to the ever-changing cyber security threat, with an ongoing programme of investment in our cyber defences.

6) Ensuring we have great people achieving their potential

During the year we continued to work on our great place to work strategy by embedding our core values and behaviours. We want to ensure we have a culture that enables everyone, and the organisation, to succeed. As part of this we have focused on supporting our leaders to have quality conversations with colleagues and to create the right conditions for people to thrive at work. This has helped colleagues to be clear on individual goals and how they contribute to the overall success of AQA.

We have continued to see the benefits of our new learning management system for employees and associates that encourages agile online learning, and individual growth and development.

OBJECTIVES, ACHIEVEMENTS AND PERFORMANCE (continued)

Delivering against our objectives (continued)

The wellbeing of our people is paramount to our success so we have also been building on our initiatives, ensuring people have the support and resources they require. 2020 was an unusual year, bringing new challenges for some, so we have continued to invest in training a network of mental health first aiders. Our colleagues have also been supported by our employee assistance programme, which offers access to confidential emotional and practical support. A premium subscription has also been made available to all, providing access to excellent meditation and mindfulness content via an app.

Throughout the pandemic, we have provided additional support in the form of home working resources, resilience courses and offered flexible working support to manage caring responsibilities.

We continued offering a range of development opportunities for colleagues. 10 colleagues from the 2020/2021 intake passed their Leadership and Management Qualification in July 2020. We currently have 45 colleagues completing qualifications in Customer Service, Purchasing and Supply, and Leadership and Management, all funded by the apprenticeship levy.

We are exploring the opportunity to introduce an early careers programme that will create an opportunity for young people to bring their diversity, social mobility, agility and critical thinking to support the future needs and skills for AQA. Young people bring a high level of enthusiasm and flexibility, which allows them to embrace work ethics and culture, and with a structured programme in place, AQA will have the ability to support them through their career path. This type of programme will support our longer term recruitment goals and enrich our workforce by developing the critical and hard to fill skills from within the organisation.

We are committed to building a diverse and inclusive culture to make sure AQA is a great place to work. We are proud to be a member of the Business in the Community 'Race at work charter', and in 2020 we also introduced an Equality, diversity and inclusivity steering group driving lots of activity (such as our mandatory equality, diversity and inclusivity e-learning) to encourage positive action and embed change alongside our network groups. We also produced our first Ethnic Pay Gap report. Also, our Empowering Women programme took the gender pay report as an opportunity to open up a dialogue on the reasons behind our pay gap and what we can do differently.

Employees are engaged with to inform the strategy and contribute to how AQA as a charity operates. Corporate information is shared via the intranet, in-house newsletters, organisation-wide events, and departmental events and meetings. Events to update colleagues on the strategy and business performance are held during the year, with regular supporting events. To help colleagues remain connected over the pandemic lockdown period when almost all colleagues were home working, we increased the frequency of our Executive communication and provided all of our events virtually with lots of opportunity for two way engagement.

Future strategy

Because of the changes to both the Summer 2020 and Summer 2021 exam series, and with a new CEO (Colin Hughes) taking up the post in September 2020, we are still in the final stages of defining our future strategic direction. This new strategy will build on the foundations already put in place by the 2020 strategy; using the robust, reliable and scalable systems and processes we now have in place as a springboard for the future to ensure that we continue to support all students and teachers to realise their potential.

PLANS FOR FUTURE PERIODS

With over a century of qualifications expertise, we will continue to promote education for the public benefit and support teachers to bring out the best in every student.

Our plans for 2021 have been significantly affected by the Coronavirus pandemic. In January 2021, the Government announced the cancellation of all GCSE, AS and A-level exams during summer for the second year in a row. Ofqual determined a new approach to awarding qualifications during this unprecedented period. The principle underpinning the approach was that students should not be penalised by the cancellation of exams, and should be awarded a qualification to reflect their progress and ability, which is at the heart of our organisational purpose.

PLANS FOR FUTURE PERIODS (continued)

The impact of Coronavirus is not yet fully known and there continues to be a level of uncertainty well into 2021. As we don't know how the Coronavirus and government policy will change over the coming months, we have developed some key assumptions. We are assuming that some level of restrictions will continue for the rest of the year and that any relaxation of existing restrictions will be gradual and subject to reversal.

As part of our business continuity, we are planning our AQA exit strategy from Coronavirus-related restrictions and have a team working on this. They are focusing on five workstreams: people, facilities and health and safety, technology, delivery and communications.

We will continue to work closely with Ofqual on existing and new government policy and regulatory requirements and understand the impact on the range of products and services we provide.

We will also continue supporting and developing our international joint venture with Oxford University Press, Oxford International AQA Examinations Limited.

We have committed to another year of sponsoring teachers through the Prince's Teaching Institute courses and we will continue funding the Unlocking Potential programme until at least 2021/2022.

SECTION 172(1) REPORTING

Section 172 of the Companies Act 2006 requires a director of a charity to act in the way they consider, in good faith, would be most likely to promote the success of the charity. In doing this, section 172 requires a director to think ahead to the likely consequences of any decision in the long term including:

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

The directors give careful consideration to the factors set out above. The stakeholders we consider here are the people who work with us, help us deliver our key service, and regulate us. The Board of Trustees recognises that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values.

Stakeholder engagement
The Board of Trustees is committed to effective engagement with all of its stakeholders. For the majority of instances they delegate this responsibility to the CEO and the Executive Team as part of the Charity's day-to-day business. Depending on the nature of the issue in question, the relevance of each stakeholder group may differ and, as such, as part of its engagement with stakeholders the Executive Team seeks to understand the priorities of each group.

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

Customers
Customers (schools and colleges) are at the heart of everything that AQA does. This year we have maintained high customer satisfaction scores by listening to our customers' feedback. We have also been working to better understand our customers' journeys with us which has informed our customer initiatives to help us improve all areas of our organisation, from our products, processes, to our website and other communications. We also develop and deliver targeted customer propositions and campaigns, based on detailed research into our customer needs and clear insights, driving changes in customer behaviour, brand perception and purchasing decisions.

SECTION 172(1) REPORTING (continued)

During the pandemic there was so much uncertainty for our customers, decisions were being made very quickly to adapt to the situation, and our customer support was more important than ever. We kept customers updated at all key milestones, and carefully explained what the decisions would mean for them and their students. Our communications were key in making sure schools and colleges understood exactly what they needed to do, and when to do it, so that students could still receive the qualifications they needed to progress to the next stage of their lives.

As part of this we supported our customers from late summer right through the autumn term and delivered on our responsibility as an education charity to support teachers and learners in realising their potential, by helping students to catch up and to close the inequality gap that had been forming through the pandemic. It also was designed to meet our business objectives of maintaining our market leading position, increase positive customer sentiment, support retention and future growth activities.

Associates

Our associates are academics, teachers, lecturers and subject matter experts and are incredibly important to us. Despite the change in the Summer series, they remain a key resource in helping us write and deliver our assessments. Our annual associate survey provides us with an understanding of how associates feel about working with us, gives us an indication about their future intention of working with us, and helps us to identify priority areas for improvement. This is supported by the associate experience group, which is a forum consisting of representatives from associate facing teams. The group aims to recognise and validate the output of the associate survey, and work to resolve key outputs and commit to deliver on improving our associate experience. They also produce a monthly newsletter in collaboration with a small group of associates and is distributed to our associate community.

To continually improve our relationships with our associates by influencing and aligning associate activity across AQA and ensuring they feel valued and engaged, we continued to run our Associate Action Group. Our associate action group is a two way forum consisting of AQA senior managers and associate members, to listen to the voice of associates and engage our associate community with AQA plans and initiatives.

Students

Although students are not technically our customers as they are not the ones buying our qualifications, they are the end-users of our products, and with this comes a duty of care for them. They've also become a growing AQA community, particularly through social media channels, which has highlighted a gap in how we engage with them. To fill that gap, we have created a student engagement strategy.

The two main aims of the strategy are to: make sure we do our best to respond proactively and reactively to reduce unhelpful stress and anxiety where possible; and to ensure accurate and timely information is available to students on a variety of platforms including social media. It sits alongside the social media strategy, and it complements AQA's aims of acting in the best interests of students and helping teachers support their students.

We have worked with colleagues from across the business to create the strategy. We also worked closely with students - we held two focus groups to better understand what we can do to support them and how they want to interact with us.

As discussed on page 24 we introduced the Student Advisory Group during the year, which, by informing the Trustee Board, builds the perspectives of students into the governance of the Charity.

Suppliers

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

SECTION 172(1) REPORTING (continued)

To ensure continued performance, we review supplier performance against KPIs and agree on priorities and action to be taken when performance falls below expectations. We have obligations to fulfil and we encourage feedback from our key suppliers by both formal and informal channels. The average time we take to pay an invoice is 6 days with 89% of invoices being paid within 30 days.

Employees
The Executive Team engage with employees in a variety of ways. These include a monthly newsletter and updates on the intranet. During the year colleagues were asked to share their thoughts on what it's like to work for AQA via a colleague engagement survey. We also introduced our interactive update meeting, Connect 2020, which reflected on some of the key issues arising from the recent employee survey and allowed employees to question the leadership team.

Joint Council for Qualifications (JCQ)
JCQ is the membership organisation for AQA and other large UK qualification providers. It is funded by its members and acts in support of their interests. It enables its members to reach a common position on national issues and speak to its stakeholders with a collective voice. We regularly engage through a formal committee structure and through various working groups. In relation to the Summer 2020 series, exam boards worked collaboratively through JCQ to implement the extraordinary series delivery plans set out by Government.

Regulators
AQA recognises the importance of open and continuous dialogue with regulators. Members of the Research and Regulation team proactively and regularly meet with Ofqual, Qualifications Wales and CCEA which regulate qualifications. We also engage regularly with regulators through Continuous Assessment and Proactive Engagement meetings. As a result of the pandemic, in relation to the extraordinary series delivery arrangements put in place for Summer 2020, our engagement with regulators occurred primarily through a formalised governance framework, established by regulators and the Department for Education.

Government
As an education charity, AQA works with a range of government and other stakeholders to inform both their work and the development of wider education policy. We regularly organise roundtables, seminars and provide briefings to support stakeholder understanding of qualifications, the components of high-quality assessment, as well as to share insights from AQA's research and analysis teams. In particular, we have worked extremely closely with officials and ministers at the Department for Education to advise and support the delivery of the Summer 2020 and 2021 series.

Wider community
As a registered charity, AQA is committed to managing the wider social impact of its operations. Details of our Modern Slavery Statement and Standards and Policies are included on our website www.aqa.org.uk. We take our environmental responsibilities very seriously. Further details on this are contained on page 18.

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

We define principal decisions as those that are material or of strategic importance to AQA, and also those that are significant to any of its key stakeholder groups. In making its decisions, the Board of Trustees considers the outcomes of relevant stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct, and to consider the long term consequences of its decisions. The following provide examples of how stakeholder interests were considered in a principal decision made by the Board of Trustees.

SECTION 172(1) REPORTING (continued)

Awarding of qualifications
The Board of Trustees recognised the change in awarding qualifications for Summer 2020 would have a significant impact on our stakeholders, in particular our customers and students. The key areas of discussion were:

- The overall approach to awarding the qualifications, including adapting to the circumstances, agility in changing processes as a result of changes in Regulations, and the ability to meet the needs of students, teachers, Ofqual and the Government.
- The trustees supported a review of fees for Summer 2020, making a clear commitment to pass savings back to our customers, but also ensuring the sustainability of the Charity, which resulted in £42m being returned to schools and colleges.
- The commitment to supporting teachers after the disruption to teaching. The support offer we put together included free materials and events to support the catch-up of students.
- Ensuring we did what we needed to do to ensure that our services to customers were maintained, despite the pandemic.

The discussions are ongoing as a result of a further change to awarding qualifications for Summer 2021.

Coronavirus
The business implications of the Coronavirus pandemic have been fast moving and uncertain but the trustees consider that the decisions made were in the best long-term interest of our stakeholders. The key areas of discussion were:

- Supporting our employees, almost all colleagues worked from home for the majority of the year, with investment in IT equipment to ensure everyone had the necessary equipment to work effectively at home.
- Communication was also key with regular updates being provided to staff through a variety of electronic measures.
- Focusing on the effect on end-to-end business processes, and identifying potential points of weakness and what contingencies could be implemented.
- The impact on our supply chain to understand their readiness and to get a better understanding of the financial difficulties they may be facing.
- Views of wider stakeholders, while mitigating the risk to the Charity and the Group.

Nexus system go-live
During the year the Board of Trustees approved the go-live of the Nexus system, which is our bespoke exams processing system. In reaching its decision, the following were a key focus for the Board of Trustees:

- The interests of AQA employees, particularly the continued deployment of the IT staff, which added to the stability and continuity of service and the impact on staff involved in the delivery of the examination process.
- It also considered the requirements of the customer to ensure the platform provided a secure, stable and reliable system on which they could be confident would meet their needs and the added pressure this placed on them, alongside managing the change in the awarding for Summer 2021.
- The impact on other stakeholders, such as associates and suppliers were also considered, in what are already challenging circumstances.

FINANCIAL REVIEW

AQA was in a strong and stable financial position coming into this unprecedented period, during which the operations, income and costs of AQA changed significantly. We continue to focus on our long term financial strategy that is about building our reserves. We have achieved a small cash surplus every year for the last three years thanks to good market performance and good financial management.

These financial statements cover the year to 31 March 2021. The key highlights from the year are as follows;

- Our income fell by 28.9%. This was largely due to refunds given, as a result of the change in the awarding of examinations for Summer 2020, but also due to the lower demand for other services caused by the pandemic.

FINANCIAL REVIEW (continued)

- Our income from educational services of £132,367,000 *(2020: £183,887,000)* was earned through AQA and Doublestruck Limited. Our income from DRS Data Services Limited is shown as Digital Services. We earned £2,270,000 *(2020: £4,905,000)* in digital services during the year from third party sources.

- AQA's income was primarily earned during the Summer series in 2020. The cancellation of the exams, which was announced in March 2020, caused a substantial change in how we award grades to students. As an education charity we didn't want to gain financially from the extraordinary circumstances of 2020. As the grading arrangement led to a reduction in costs, we passed this back to schools and colleges. This resulted in a credit of £42,178,000, which amounted to 26% of the entry fees paid. In addition, we removed any payment for late fees.

- Our net income before investment gains and losses was £2,872,000 *(2020: £20,249,000)*. This represents an operating margin of 2%,which is a considerable reduction compared to the prior year. This is due to the unprecedented circumstances in the year but it still enables us to operate sustainably. We have continued to focus on our support costs ensuring we are efficient and therefore achieve good value for money.

- Our long term investments saw a significant decline over the final three months of the prior year due to the Coronavirus pandemic but saw a marked increase in the current year and have now recovered to above pre pandemic levels. The results for the year show an overall net gain on investments of £6,889,000 *(2020: loss £3,323,000)*.

- AQA continues to participate in two defined benefit pension schemes, the AQA Pension Scheme and the Greater Manchester Pension Fund ("GMPF"). AQA also has some unfunded pension obligations, which are obligations that are outside of the pension scheme. The net balance sheet asset at 31 March 2021 for the aggregation of the schemes is detailed as follows:

	31 March 2021 £000	31 March 2020 £000
Fair value of scheme assets	292,215	266,693
Present value of defined benefit obligation	(289,749)	(247,195)
Net pension asset	2,466	19,498

The net pension asset is made up as follows:

	31 March 2021 £000	31 March 2020 £000
GMPF pension liability	(21,463)	(17,069)
Unfunded pension liability	(3,616)	(3,598)
AQA Pension Scheme asset	27,545	40,165
Net pension asset	2,466	19,498

- During the year we saw an actuarial loss of £17,288,000 *(2020: gain £7,734,000)* on our pension assets and liabilities. This wasn't wholly unexpected as we saw some of the temporary gains in the prior year, unwinding in the current year.

- After taking all of these into account, AQA's Charity Funds decreased by £7,527,000 *(2020: increase £24,660,000)* to £112,342,000 *(2020: £119,869,000)*.

- The Group has sufficient liquidity with £2,821,000 *(2020: £29,809,000)* in cash fund investments and £109,697,000 *(2020: £82,543,000)* in cash at bank and in hand. When placing cash, our first priority is security, followed by liquidity and finally the investment return. This high level of short term cash and investments was received from schools and colleges as payment for the Summer 2021 series.

FINANCIAL REVIEW (continued)

- Overall, the Group has performed well and continued its focus on how we work. Whilst an actuarial loss on the defined benefit pension schemes has resulted in a deficit for the year, a small surplus was made before the recognition of other gains/losses. This surplus has continued to be invested in the development of our IT systems which will enable us to work more efficiently and ensure we have robust delivery for the long term.

- Further details of the expected impact on our future finances are contained in the going concern section on page 23.

FUNDRAISING

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

ENVIRONMENTAL POLICY

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

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

We take our environmental responsibilities very seriously. We recognise our part to play in contributing to the resolution of global and local environmental issues by reducing our impact on the environment and by taking a leading role in promoting environmental best practice. During the year, we continued to initiate improvements and to promote our environmental message throughout the organisation. Achievements have been accelerated due to the global Coronavirus pandemic resulting in limited building occupancy and business travel restrictions. Although the levels of Green House Gas reduction are not sustainable post-pandemic there will be significant changes to our operating model to enhance future GHG reductions. In the past 12 months the main achievements are:

- Launched our Sustainability Strategy committing to the short-term 40% GHG reduction target by 2025/26 and the longer-term target of net carbon zero by 2050.
- Completed the installation of solar photovoltaic systems and new roof insulation at our offices in Guildford and Manchester, with a combined estimated generation of 192,310kWh per annum saving around 100 tonnes carbon dioxide equivalent (CO_2e). To date the systems which came on line in May and October respectively have generated 124 mWH of electricity and a CO_2 emission saving of 29.10 tonnes.
- Started our 'Future Ways of Working' project to improve building use efficiency while promoting agile working between the office and from home.
- Replacing our Building Management System (BMS) in Manchester enabling better control of heating and cooling plant.
- Reducing overall waste production and impacts on the environment by 75%.
- Achieving a 98% waste recycling and recovery rate on all waste streams.
- Reducing taxi travel emissions by 78%.
- Reducing energy consumption in our buildings by 36% through installing LED low energy lighting and automated lighting controls.

ENVIRONMENTAL POLICY (continued)

As part of the new Sustainability Strategy further improvements are planned, which will include:

- Identifying alternatives to plastics on some of our processes, e.g. using non-plastic packaging when we deliver exam packs.
- The installation of new thermally efficient windows at the Guildford and Manchester offices to reduce heat loss and solar thermal gains.
- Improving technology to enable more virtual employee and associate meetings to reduce the need for travel.
- Reducing business travel by a minimum 50% based on 2019/20 data and the ceasing, by exception, of all domestic business air travel.
- Reducing the Group’s property portfolio and condense operations efficiently to key sites as part of the ‘Future Ways of Working’ project.
- Producing and implement sustainability criteria for procurement of goods and services.
- Switching to 100% Renewable Energy Guarantee of Origin (REGO) certificate sources for purchased electricity for owned/solely occupied buildings.
- Improving employee and stakeholder communications, including mandatory employee sustainability awareness.

The annual quantity of emissions in tonnes of carbon dioxide for the Group for the year was 870.93 (2020: 1,759.16), which is a reduction of 888.23 from the year before. This equates to 6.5 tonnes (2020: 9.57) per £m sales revenue, which is an 32% reduction compared to the previous year.

The total group energy consumption for the year was:

- Electricity – 2,494,599 kWh
- Gas – 680,757 kWh

Our overall emissions reduction target is to reduce our greenhouse gas emissions by 40% between 2018-2019 to 2025-2026.

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

RISK MANAGEMENT

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

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

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

Employee training is provided to individuals and to groups as needed to promote the effectiveness of our risk management framework. At the start of 2021, we also recruited a Group Risk Manager to strengthen the overall process and provide dedicated full-time support to risk management activities across the organisation.

RISK MANAGEMENT (continued)

Our outsourced internal auditors (KPMG) conduct a comprehensive risk based assurance programme of work throughout the year. The audit programme focuses on areas assessed as significant internal risks as identified by the Executive Team and by Trustees. The Audit, Risk and Compliance Committee agrees the annual internal audit plan and reviews the individual reports and recommendations. The output provides assurance across the business areas within AQA and where weaknesses in controls are identified, actions are taken to address these. The Audit, Risk and Compliance Committee monitors progress on any agreed actions resulting from internal audit reviews to ensure that weaknesses are addressed appropriately and in a timely manner. During the year, five internal audit reviews and ten advisory reviews were completed.

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

The following is a summary of the main risks facing AQA, which are represented in our strategic risk register and are kept under review as part of the established process of risk management. The Coronavirus pandemic continues to affect all the strategic risks we manage and is directly influencing new controls and contingencies we have put in place throughout 2020/21.

- **Operational delivery**: the security of assessment materials and successfully delivering timely and accurate results to students, even during the Coronavirus pandemic, are essential to supporting our overall purpose and to our ongoing success. We have rigorous processes and contingency plans in place and strive continually to improve our processes and performance in the light of experience.

- **Strategic change**: we must ensure that we are able to adapt and remain fit for purpose as an essential provider of qualifications and related educational services. In this context, we have robust planning and change management structures in place with oversight of the key investment programmes from the Audit, Risk and Compliance Committee.

- **Divergence or sudden change in government policy:** responsibility for education is devolved to the separate parliaments and assemblies of the UK, so education policy and regulation are subject to different decision-making processes in each of the UK’s nations. This can lead to divergent policies within the UK, which in turn affect exam boards, often at short notice. The pace of reform of education policy can lead to qualifications being changed or ended before they have recovered their development costs. We continue to engage with the separate parliaments and assemblies of the UK, and the official opposition, about the effective working of the exams market, directly and through the Joint Council for Qualifications, which represents the main exam boards.

- **Robust IT systems:** We are investing in a multi-year programme to ensure our technology capability is supported by a strong, modern, cloud-based platform. Our programme is progressing well and it will further improve our resilience to accommodate both significant increases in volumes and resist the growing cyber threat.

  As well as ensuring our systems are robust and efficient, this will enable us to continuously improve our processes, respond to customer needs and provide a platform on which we can build the next generation of technology-enabled assessments.

FINANCIAL RISK MANAGEMENT

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

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

Exposure to price, credit, liquidity and cash flow risk
Business price risk - In normal circumstances, the risk is considered to be low based on our customer base and the limited number of exam boards. As well as the business price risk, price risk also arises on financial instruments because of changes in listed investment prices. Listed investments with a fair value of £42,758,000 are exposed to price risk but this exposure is within the Group's risk appetite.

Credit risk - Group policies are aimed at minimising such losses and that credit terms are only granted to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Details of the Group's debtors are shown in note 16 to the financial statements.

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

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

SIGNIFICANT EVENTS

The Coronavirus pandemic has had a significant impact on the AQA Group. Our Business Continuity Planning mechanisms have been used throughout the year, successfully ensuring continuity of operations throughout the pandemic as well as focus on employee wellbeing.

The cancellation of the Summer 2020 exam series, announced by the Department for Education in March 2020, meant substantial change to how we award grades and meant we had to design, develop, and deliver a new system to awarding qualifications. This included the building of a new data collection portal in just six weeks. We provided additional support to schools and colleges who had to produce Centre Assessed Grades for their students, making sure they had guidance on how to avoid unconscious bias. We also had to respond to further policy changes that required technology and operational updates. Despite all the challenges, we delivered accurately and on time.

The continuation of the pandemic and its impact on teaching and learning led the Government to announce that would be no exams in Summer 2021 but that students would receive grades determined by teachers. To support schools and colleges to do this. we provided an optional support package of materials, including questions and mark schemes and example materials so they could benchmark their students.

To ensure consistency between boards and centres we worked closely with other exam boards to make sure the requirements for internal quality assurance and arrangements for external quality assurance were consistent and robust. Schools’ and colleges’ internal quality assurance arrangements needed to include consideration of results in previous years as a guide to help check that judgements are not unduly harsh or lenient. Schools and colleges were required to document the process they followed to ensure the judgements being made were fair, consistent, evidence-based and minimised the risk of bias and discrimination. As well as good practice, the documentation was required as part of the quality control assurance we were required to undertake.

SIGNIFICANT EVENTS (continued)

In March 2021, we launched our new centre services system which is part of a broader programme to replace our current exam processing system. The new system is more secure, reliable and easier for exams officers and teachers to use. It is also more flexible and can adapt to future needs. The new system was used to provide support materials and to collect students' grades for the Summer 2021 series.

To support teaching and learning while schools were closed due to the pandemic, we offered some of our online teacher support material free of charge through our Exampro online learning platforms, and we also ran a series of free events to support teachers in the 2020/21 academic year. We continued to support teachers and students as they prepared to return to school in autumn 2020, such as introducing a support programme to help build core skills, identify gaps in learning and re-engage students when they returned to the classroom.

Our operations have continued throughout the pandemic with almost all staff working from home. This required significant input from our IT team. Throughout this period, the wellbeing of our staff has been a key priority. Regular communication, guidance and support about working from home, and new initiatives that focus on mental and physical wellbeing have been introduced.

Where colleagues have not been able to do their jobs from home, or have really struggled with home working, we have supported them in returning safely to the office.

RESERVES POLICY

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

At the end of the year, we had funds of £112,342,000. They are held for a variety of purposes, to ensure that the Charity can operate as a going concern in the future and also fulfil its legal obligations. The funds are summarised below:

Pension charged account fund (£2,500,000) – the fund is a designated fund which has been created to help fund a buy-out of the pension scheme with an insurance company at some time in the future.

Fixed asset funds (£54,124,000) – these represent the tangible and intangible assets of the Group, without which we could not operate.

Investment revaluation reserve (£3,284,000) – this fund represents the excess of market value of investments over their cost price.

The remainder of our funds are our general funds:

Free reserves (£49,968,000) - these will mainly be used to deliver the 2021 Summer series and will allow us to deliver on our charitable objectives to enhance social mobility through qualifications in the future. We hold reserves in order to fund future enhancements to our operations and qualifications, and to provide a contingency for unexpected costs or loss of income.

Pension asset (£2,466,000) – this represents the pension asset that is managed separately to our free reserves. We exclude the Section 28 of FRS 102 pension scheme surplus from the target level of reserves as we believe that we can meet contributions from projected future income without significantly impacting on planned levels of charitable activity.

GOING CONCERN

The Coronavirus pandemic has caused a significant change to the activities of the Group during and after the end of the financial year. Exams being cancelled in Summer 2020 and Summer 2021 and the introduction of a new system for awarding grades has caused a shift in our focus.

As mentioned in the financial review we credited £42,178,000 to schools and colleges as a result of savings we made in awarding of grades in the Summer 2020 exam series. For Summer 2021, we credited £45,000,000. Other sources of income also fell during the pandemic, such as training events and digital services delivered by DRS. Despite this reduction in income, we continue to have sufficient financial reserves and are strong enough to operate with a deficit this year and do not need to undertake any steps to counteract this. However, we took proportionate and responsible steps to control costs. We did not halt important plans, but reviewed discretionary activity, considered the priority and timing of recruitment, and continued to ensure that we secured good value in our expenditure.

Our long term investments took a significant hit at the start of the pandemic but recovered during the financial year and have seen a steady increase since then and now stand at £45,598,000 at the end of August 2021.

We have considered the impact of the pandemic on future series by reviewing a number of worst case scenarios, for example if GCSE volume reduced by 20%. We have a number of options to offset this which include delaying our replenishment of long term cash reserves and delaying capital investment. The outcome of this work is that we are still in a position to take a long term view of our finances and operations. We are fortunate that the financial impact on us is not as great as many other organisations. We therefore have no plans to embark on a major cost reduction exercise or to reduce our headcount as a result of the Coronavirus pandemic.

The Board of Trustees has reviewed the financial position, considering the level of reserves and cash, and the system of financial control and risk management. Accordingly, they have a reasonable expectation that the Charity and the Group have adequate resources to continue in operational existence for the foreseeable future. As a consequence, these financial statements are prepared on the going concern basis.

INVESTMENT POWERS AND POLICY

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

We seek to adopt a well-diversified investment approach that balances potential return with appropriate risk. At the same time the trustees are aware that some level of volatility is inevitable with a good investment strategy and endeavour to spread the risk across different asset classes. The assets of the Charity are to be invested with a mandate to achieve a return of 3.0% per annum above CPI. AQA's Investment Advisor is Cazenove Capital Management.

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

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

CHARITABLE ASSETS

The trustees are of the opinion that the Charity's assets are available and adequate to fulfil its obligations.

GOVERNANCE

Good governance is fundamental to our success as a charity. With this in place it will help us to achieve our objectives and enable our people to use their skills to their best effect. It also helps to ensure we are compliant with relevant legislation. Having good governance better allows us to review any risks we are facing and support a positive culture.

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

- Organisational purpose.
- Leadership.
- Integrity.
- Decision making, risk and control.
- Board effectiveness.
- Diversity.
- Openness and accountability.

In this section you can find out how we are applying the Charity Code of Governance across our work.

Organisational purpose
AQA's organisational purpose is our public benefit which is to advance education by enabling students and teachers to realise their potential.

Everyone has the potential to achieve, so we make sure that our qualifications give all students -no matter their background, ability or impairment - the opportunity to show what they can do and progress to the next stage of their lives.

We have over a century of assessment expertise dating back to 1903, when our predecessor boards were founded by five leading universities. These public exam boards came into existence to provide an opportunity for young people from a range of backgrounds to access education. This commitment to social mobility remains at the heart of AQA's charitable purpose, which is to advance education by enabling teachers and students to realise their potential. We are committed to continually improving the content and quality of our qualifications, to make sure they continue to be trusted by all that rely on them.

We provide high quality assessments that are accessible, fair, reliable, and support students in their educational journey. Students come first in everything we do, and we know that they have unique and valuable insights, as well as recent, first-hand experience of exams - and we want to listen. In October 2019, we created an exciting new opportunity for 15 students to help shape the future of exams through our Student Advisory Group. We took on a second cohort at the start of 2020 to build on the work achieved in 2019. This group has been particularly useful in helping the organisation understand the impact of the Coronavirus pandemic on students, and how AQA can develop resources to help this cohort as best as possible.

The aim of the group is to give our Board of Trustees a student perspective on key topics to help inform important decisions, such as the use of technology in assessment, and the design of question papers. This group will help us shape the ways we listen to the school and college student community, and in return the students will gain valuable experience and develop skills that will help them in their future careers.

To enhance the organisation's assessment work, we created a Product Board during 2020 to direct the product portfolio strategy. This aims to target areas for growth within AQA's business, and develop new product opportunities. The product board draws expertise from across the organisation and is led by the Chief Operating Officer.

GOVERNANCE (continued)

Leadership
AQA is governed by the Board of Trustees which, along with the AQA CEO, who is also a Trustee, is largely a body of volunteers with distinguished careers in education and a wide variety of other fields. Our trustees are aware of their legal responsibilities and take great care in their decision making and ensuring the organisation is operating to a high standard.

The Executive Team is made up of nine individuals and led by the CEO. They are AQA's senior managers and responsible for the day-to-day leadership and running of AQA and the execution of the strategy and policies. In 2020, we recruited a new CEO who is leading an ambitious strategy programme which will create exciting opportunities for AQA now and into the future. The role of Chief Operating Officer was also created; this role has oversight and responsibility for the end-to-end process of exam delivery.

Our trustees help plan our strategy and engage with this robustly. We hold a trustee strategy session annually, and have regular updates on this work throughout the year.

Our Board of Trustees and Executive Team have been instrumental in developing and demonstrating the AQA values and behaviours to enable the organisation to bring out the best of ourselves and to achieve our potential.

Integrity
Maintaining our integrity is critical to how AQA operates; it is about doing what is right, and being open and honest. We aim to uphold our values, behaviours, standards and agreed policies wherever ethical, practical and possible. Our Board of Trustees scrutinise our decision making to ensure we meet the standards we set ourselves, as well as those set by regulators such as the Charity Commission and Ofqual.

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

AQA operates a conflict of interest policy for all employees, trustees and independent members, subcontractors and all third parties acting on our behalf. Conflicts of interest are collated annually and new declarations of conflict of interest are made and recorded at the start of every formal meeting. Guidance is provided to trustees on the declaration of such interests. There were no reportable conflicts of interests for 2020/21.

We have a Modern Slavery Statement which is available on our website, and we are actively working with the Home Office on the creation of the new digital register for modern slavery. We are committed to making ethical choices in our supply chain and we conduct full due diligence checks when onboarding new suppliers and this also covers our financial investments. Key strategic and critical suppliers are monitored on a continuous basis for commercial, financial and supply chain risk, including compliance with legal, regulatory and policy requirements such as the Modern Slavery Act 2015.

Decision making, risk and control
AQA strives to make quality decisions that are evidence based and informed by risk. Effective risk management is key to successfully delivering our strategy and developing AQA for a sustainable future. We have an organisation-wide risk management approach which identifies our key strategic and operational risks and ensures they are effectively managed through clear accountability and escalation when needed.

Board effectiveness
Our Board of Trustees meets four times a year, which continued remotely throughout the pandemic. We also hold an additional end of year meeting which focuses on strategy work. Each meeting has a full agenda, including standing items on major programmes, critical activities and strategy progression. As mentioned, the CEO is also a member of the Board of Trustees. Other Executive Team members may be invited to attend and present at the meetings but do not have a vote in any decisions.

GOVERNANCE (continued)

The Nominations Committee has responsibility for reviewing prospective trustees and committee members and submits recommendations for appointment to the Board of Trustees. In 2020, we undertook a review of our trustee recruitment process to include more AQA recruitment expertise. We successfully recruited three new trustees and two independent committee members. In 2021, we will be looking to recruit more trustees as some reach the end of their tenures; we will incorporate learnings from the process revisions to ensure the best possible experience for candidates.

On appointment, new trustees have an induction programme and reference pack to familiarise themselves with the work of AQA and the requirements of their role as a trustee. Inductions for trustees and committee members cover their core responsibilities, plus a tailored section personalised to meet specific needs. Going forward, a new and refreshed trustee and committee member training and development programme is being implemented using AQA's new LearningSpace portal. This will allow for more agile and effective training. We hope to hold more face-to-face workshops when we are able to, to allow trustees to meet and share experiences.

The Board of Trustees and each governance/advisory committee have a Terms of Reference governing document that is regularly reviewed. These Terms of Reference clearly lay out the Board's and Committees' responsibilities and where there are clear delegated responsibilities to act on behalf of the Board of Trustees.

The delegated authorities are discharged through the Committees of the Board of Trustees or through the CEO. The CEO is responsible to the Board of Trustees for the day to day running of AQA and the execution of the overall strategy and policies decided by the Board of Trustees. A full list of governance and advisory committees can be found on page 3 and 4.

We keep records of trustee and committee members' tenures and terms served so we can ensure succession planning and knowledge transfer. We complete a skills audit annually of all trustees so we can ensure we have the right blend of knowledge and experience to address challenges looking forward.

An annual Board of Trustees self-assessment evaluation takes place and the outputs of this are analysed closely. Following this, the Chair of the Board conducts one-to-one meetings with each trustee to address any comments or development needs identified. These can then be addressed through the trustee training programme. The next steps in this process include the introduction of an externally facilitated Board and committees evaluation, every three years.

Diversity

We are continuing to enact our commitment to strengthen the diversity and inclusivity of our organisation and Board of Trustees. We recognise that this helps ensure that our strategic thinking has rigour, borne out of challenge and divergence of thought.

Work is underway on a number of initiatives as part of our strategy to continue to make AQA a great place to work. We take our talent agenda seriously, so we are looking at creative ways to attract a more diverse workforce and build a culture that encourages inclusion and removes barriers to growing our talent. We have had successful launches of staff networks to embrace the diversity of our organisation:

- LGBTQ+ network: the network has expanded significantly since its launch in 2017 and has a presence in every AQA office. They contributed to reviews of several HR policies, and have organised several knowledge events via Zoom for colleagues during 2020. During one of the events donations were raised for the Albert Kennedy Trust, a voluntary organisation which supports lesbian, gay, bisexual and transgender young people who are homeless or living in a hostile environment, which were matched by AQA.
- People of Colour network: the network was started in 2018 and aims to speak about issues that relate to people of colour within AQA and raise awareness of the challenges and opportunities that people of colour may face.
- Empowering Women network: the network was initially set up in 2016 as a targeted Women in Leadership programme. In 2018, it was recognised that all women in the organisation regardless of seniority could benefit from the support, enablement and empowerment the network provides; the network was renamed and relaunched throughout the organisation. The network seeks to create momentum within AQA to educate and challenge inequality, and embed a mind-set of diversity and inclusion. Despite the pandemic the network has kept in touch remotely and has had several pieces published on the intranet throughout 2020 raising awareness around these issues.

GOVERNANCE (continued)

Wellbeing and good mental health have continued to be a strong focus for the organisation. Many colleagues have completed the Mental Health First Aid training course which aims to have mental health support on site at all times. The focus on wellbeing has been particularly important during 2020 and there have been several workshops held which promote wellbeing and looking after mental health. We have also been able to offer colleagues premium access to Headspace, a mindfulness and meditation app.

AQA also engage with the 'This is Me' national campaign during Mental Health Awareness week, where colleagues with mental health experiences share their journeys with the aim of ending the stigma of mental health in the workplace. The organisation uses many strategies to promote better wellbeing across the spectrums of mental, physical, social and environmental matters. Each office has at least one Wellbeing Warrior and events are frequently organised, including an annual Well Fayre for all employees to enjoy – 2020's Well Fayre took place completely remotely and was very well received by all colleagues.

Openness and accountability
AQA strives to be open in its charitable work and is accountable for its actions. Each year we share our work and the progress we have made in the Annual Report.

We recognise the value and importance of having engaged employees. We know high levels of engagement influence the performance of our teams to, create a greater level of effort, and develop a greater connection with the organisation. This has been even more important in 2020 with the effect of the coronavirus pandemic.

During the year we have held several staff engagement sessions to provide an opportunity for colleagues to hear updates from the Executive Team on how organisational and strategic programmes are progressing. The Executive Team has also been attending different business areas' departmental meetings and town hall sessions throughout 2020 (which have been held via Zoom) in order to present staff updates.

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

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

AQA has a designated Safeguarding Lead who sits within our Exams Integrity Team and holds responsibility for all safeguarding activity across the organisation. A Safeguarding Strategy was presented to the Trustees in 2020 for approval; this strategy shapes the organisation's response to safeguarding issues; including training to associates and examiners who may undertake visits to schools, training on dealing with safeguarding issues presented in scripts, and being responsible for the organisation's safeguarding policy and procedures. A refreshed training module for all AQA staff was rolled out in 2020.

POLICY FOR EQUALITY AND PEOPLE WITH DISABILITIES

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

EVENTS AFTER THE REPORTING DATE

Coronavirus has had a significant impact on the Summer 2021 exam series. Details of the impact can be found on pages 12 and 21 and details of our Going Concern assessment can be found on page 23.

ADDITIONAL INFORMATION

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

STATEMENT OF TRUSTEES’ RESPONSIBILITIES

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

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

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

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

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

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

Statement of disclosure of information to auditors

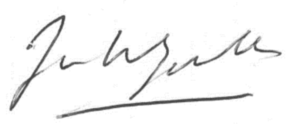
In so far as the trustees are aware:

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

APPOINTMENT OF AUDITORS

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

This report was approved by the Board of Trustees on 23 September 2021 and signed on its behalf by



Mr J van Wijngaarden **Director and Chair of the Board of Trustees**

Mr N Kiyani **Director and Trustee**

Mr C Hughes **Director and Trustee**

Independent auditors' report to the members of AQA Education

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2021 and of the Group's incoming resources and application of resources for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of AQA Education (the 'Parent Charitable Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the consolidated statement of financial activities, the consolidated statement of financial position, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions related to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Directors' and Trustees' which include the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' and Trustees' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' and Trustees' report.

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

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors responsibilities for the audit of the financial statements

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

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

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

Based on our understanding and accumulated knowledge of the company and the sector in which it operates we considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the company accounting policies, United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice), Charities Act, Employee Taxes and the UK Companies Act 2006; those that relate to the payment of employees; and industry related such as compliance with health and safety legislation. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

Auditors responsibilities for the audit of the financial statements (continued)

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates as well as inappropriate revenue cut-off. Our audit procedures included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to assessment of impairment and review of estimate of allocation of Nexus build cost to each iteration
- identifying and testing journal entries, in particular review of journal entries posted over weekends, journals posted to the least used accounts, manual journals to revenue, manual journals to cash, unusual account combinations and journals including specific keywords;
- testing a sample of revenue recognised either side of the period end to ensure revenue has been recognised in the correct period;
- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud; and
- review of minutes of Board meetings throughout the period.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Hamid Ghafoor (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester

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

AQA Education
Consolidated Statement of Financial Activities (continued)
year ended 31 March 2021

	Note	Year ended 31 March 2021 Unrestricted funds £000 Continuing operations	£000 Discontinued operations	£000 Total	Year ended 31 March 2020 Unrestricted funds £000 Continuing operations	£000 Discontinued operations	£000 Total
Income:							
Income from charitable activities:							
Educational services	4	132,367	-	132,367	183,887	-	183,887
Income from other trading activities:							
Digital services	4	1,449	821	2,270	3,810	1,095	4,905
Investment income	5	1,208	-	1,208	2,169	-	2,169
Total income		135,024	821	135,845	189,866	1,095	190,961
Expenditure:							
Expenditure on charitable activities:							
Educational services	6	113,739	-	113,739	149,498	-	149,498
Expenditure on other trading activities:							
Digital services	6	17,384	893	18,277	19,091	774	19,865
Expenditure on raising funds:							
Investment management costs	5	130	-	130	98	-	98
Share of loss in joint venture	13	827	-	827	1,251	-	1,251
Total expenditure		132,080	893	132,973	169,938	774	170,712
Net income / (expenditure) before investment gains / (losses)		2,944	(72)	2,872	19,928	321	20,249
Gains / (losses) on investment assets							
Net realised gains / (losses) on investments	14	234	-	234	(70)	-	(70)
Net movement on unrealised gains / (losses) reserve	14	6,655	-	6,655	(3,253)	-	(3,253)
Net income / (expenditure) before other recognised gains / (losses)		9,833	(72)	9,761	16,605	321	16,926
Other recognised (losses) / gains							
Actuarial gains / (losses) on defined benefit pension schemes	26	(17,288)	-	(17,288)	7,734	-	7,734
Net (expenditure) / income and net movement in funds for the year		(7,455)	(72)	(7,527)	24,339	321	24,660
Reconciliation of funds							
Total funds brought forward				119,869			95,209
Total funds carried forward	21			112,342			119,869

The Consolidated Statement of Financial Activities incorporates the Summary Income and Expenditure Account. Income is derived from both continuing and discontinued operations. Net (expenditure)/income and net movement in funds represents the (deficit)/surplus for the year for Companies Act 2006 purposes and includes a deficit of £3,169,000 relating to the parent (*2020: surplus £28,506,000).*

The notes on pages 39 to 76 form part of these financial statements.

AQA Education
Consolidated Statement of Financial Position
as at 31 March 2021

Consolidated and charitable parent statement of financial position

		Group	Charity	Group	Charity
		2021	2021	2020	2020
Fixed Assets	Note	£000	£000	£000	£000
Intangible assets	11	39,594	34,557	46,280	36,773
Tangible assets	12	16,170	9,080	12,962	8,518
Investment in subsidiary undertakings	13	-	13,134	-	13,134
Other fixed asset investments	14	42,758	42,758	35,418	35,418
Total Fixed Assets		98,522	99,529	94,660	93,843
Current Assets					
Stocks and work in progress	15	2,065	925	1,710	667
Debtors	16	65,686	77,596	72,684	81,273
Investments	17	2,821	2,821	29,809	29,809
Cash at bank and in hand		109,697	106,833	82,543	79,971
Total Current Assets		180,269	188,175	186,746	191,720
Liabilities					
Creditors: Amounts falling due within one year	18	(166,185)	(163,109)	(178,398)	(175,086)
Net Current Assets		14,084	25,066	8,348	16,634
Total Assets less Current Liabilities		112,606	124,595	103,008	110,477
Provisions for Liabilities and Charges	20	(2,730)	(2,493)	(2,637)	(2,238)
Net Assets Excluding Pension Asset and Liability		109,876	122,102	100,371	108,239
Defined benefit pension scheme asset	26	27,545	27,545	40,165	40,165
Defined benefit pension scheme liability	26	(25,079)	(25,079)	(20,667)	(20,667)
Total Net Assets		112,342	124,568	119,869	127,737
The Funds for the Group and Charity:					
Unrestricted Funds					
Designated funds		2,500	2,500	500	500
General funds		109,842	122,068	119,369	127,237
Total Funds	21	112,342	124,568	119,869	127,737

Consolidated Statement of Financial Position (continued)

as at 31 March 2021

The notes on pages 39 to 76 form part of these financial statements. The company registration number is 3644723. The financial statements on pages 34 to 76 were approved and authorised for issue by the Board of Trustees on 23 September 2021 and signed on its behalf by:

Mr J van Wijngaarden **Director and Chair of the Board of Trustees**

Mr N Kiyani **Director and Trustee**

Mr C Hughes **Director and Trustee**

AQA Education

Consolidated Statement of Cash Flows

for the year ended 31 March 2021

	Note	Group 2021 £000	Group 2020 £000
Cash flows from operating activities:			
Net cash generated from operating activities	22	20,044	36,043
Taxation received		197	376
Net cash generated from operating activities		20,241	36,419
Cash flows from investing activities:			
Investment income		710	1,524
Purchase of tangible fixed assets		(4,649)	(890)
Purchase of intangible fixed assets		(15,086)	(20,745)
Purchase of fixed assets investments		(19,133)	(12,890)
Sale/ (purchase) of current investments		26,988	(15,657)
Proceeds from sale of fixed asset investments		19,450	12,549
Investment in joint venture		(600)	(1,310)
(Increase) in cash held with fund managers		(767)	(520)
Net cash provided / (used in) from investing activities		6,913	(37,939)
Increase / (decrease) in cash and cash equivalents in the year		27,154	(1,520)
Cash and cash equivalents at the beginning of the year		82,543	84,063
Cash and cash equivalents at the end of the year		109,697	82,543

The notes on pages 39 to 76 form part of these financial statements.

1 General information

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

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

2 Statement of compliance

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

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

3 Summary of significant accounting policies

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

(a) Basis of preparation

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

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

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

(b) Going concern

The Charity's business activities, its current financial position and factors likely to affect its future development are set out in the Strategic Report. The Charity has in place healthy liquidity which provides adequate resources to finance committed reinvestment and educational programmes, along with the Charity's day to day operations. The Charity also has a long-term business plan which shows that it is able to service any of its debt facilities.

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

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

3 Summary of significant accounting policies (continued)

(b) Going concern (continued)

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

(c) Basis of consolidation

The Group consolidated financial statements include the financial statements of AQA and its subsidiary undertakings: DRS Data Services Limited and Doublestruck Limited.

The net income and net movement in funds for the year for the Charity were £3,169,000 deficit *(2020: £28,506,000 surplus)* and total funds at the year-end were £124,568,000 *(2020: £127,737,000).*

(i) Subsidiaries

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

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

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

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

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. All of the subsidiaries have a year end of 31 March.

(ii) Joint ventures

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

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

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

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

3 Summary of significant accounting policies (continued)

(c) Basis of consolidation (continued)

(ii) Joint ventures (continued)

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

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

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

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

The Group and the Charity have taken advantage of the transition exemption under paragraph 35.10(f) FRS 102 in respect of measurement of investments in subsidiaries and the joint venture on the date of transition to FRS 102 (1 October 2014) and continues to measure investment at their cost.

(d) Income recognition

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

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

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

(i) Provision of examination services

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

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

(ii) Events

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

(iii) Centre inspection services

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

3 Summary of significant accounting policies (continued)

(d) Income recognition (continued)

(iv) Provision of teacher support materials

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

(e) Fund accounting

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

(f) Expenditure recognition and irrecoverable value added tax

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

(i) Charitable activities

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

(ii) Governance and support costs

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

Allocation of support and governance costs

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

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

(iii) Other trading activities

These costs relate to services provided by the subsidiary undertaking, DRS Data Services Limited. It includes direct costs as well as overhead costs.

3 Summary of significant accounting policies (continued)

(g) Deferred income and expenditure

Examination fees and training course fees received in advance are deferred and recognised in the year the examinations and meetings take place. All deferred income is fully recognised in the following year. Expenditure on question papers and on fees and expenses of examiners relating to examinations taking place after the year end are carried forward as payments in advance to be charged against the year in which the examinations take place.

(h) Employee benefits

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

(i) Short-term benefits

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

(ii) Defined contribution pension plans

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

(iii) Defined benefit pension plans

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

The defined benefit section of the AQA Pension Scheme, GMPF and the unfunded augmented pension liabilities are accounted for as defined benefit schemes under section 28 of FRS 102. The defined benefit section of the AQA Pension Scheme was closed to new entrants from July 2006 and to future accruals from January 2011. AQA participates in the Greater Manchester Pension Fund (GMPF), which is an externally funded defined benefit pension scheme, where AQA's share of the total scheme's underlying assets and liabilities can be separately identified. Unfunded pension liabilities represent the liability of unfunded pensions for former employees of AQA. AQA has also contributed to two further defined benefit schemes, namely the Teachers' Pension Scheme and the University Superannuation Scheme. These are multi-employer defined benefit schemes where it is not possible to separately identify the assets and liabilities for each participating employer. Accordingly, contributions are treated as defined contribution schemes for accounting purposes.

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

3 Summary of significant accounting policies (continued)

(h) Employee benefits (continued)

(iii) Defined benefit pension plans (continued)

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

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the consolidated statement of financial activities. Actuarial valuations of pensions are performed every three years.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised within 'Net investment income'.

(i) Business combination and goodwill

Business combinations are accounted for by applying the purchase method

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

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

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

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

Goodwill is amortised over its expected useful life which is estimated as 8 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the consolidated statement of financial activities.

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

3 Summary of significant accounting policies (continued)

(j) Intangible assets

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

Software – 3 years
Research and development costs – up to 5 years

For Nexus, our bespoke exams processing system, amortisation is charged over the length of the project.

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

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

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

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

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

(i) Specification development

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

(ii) Systems development

The operating costs of developing new systems and related computer software are charged to the consolidated statement of financial activities in the year in which the expenditure is incurred.

(iii) Research expenditure

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

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

3 Summary of significant accounting policies (continued)

(k) Tangible fixed assets and depreciation

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

The useful economic lives and residual value of fixed assets have been reviewed at the end of the accounting year. The effect of any change is accounted for prospectively.

The trustees have not deemed it practical given the cost involved to quantify the difference between the carrying value and market value of interests in land and buildings. The charge for depreciation is calculated so as to write off the cost, less estimated realisable value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold land and buildings	25 - 40 years
Leasehold land and buildings	Term of the lease
Furniture, equipment and vehicles:	
Office fixtures & fittings and equipment	3 - 10 years
Motor vehicles	4 years
IT equipment	3 years

For the purposes of the Charities SORP (FRS102), all tangible fixed assets are considered to be functional assets of the Charity. Tangible assets costing more than £10,000 per individual item or group of related items are capitalised in the year of acquisition. Items costing less than £10,000 are charged to the profit and loss when incurred.

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

(l) Leased assets

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

(i) Operating lease

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

3 Summary of significant accounting policies (continued)

(l) Leased assets

(ii) Lease incentive

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

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

(m) Impairment of non-financial assets

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

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

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

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

(n) Stocks

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

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

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

(o) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

There is no debt and therefore a net debt note has not been produced.

3 Summary of significant accounting policies (continued)

(p) Provisions

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

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

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

The Group and Charity has taken advantage of the transition exemption under paragraph 35.10(l) of FRS 102 to remeasure dismantling obligations using information available at the transition date (1 October 2014) rather than the date that obligation arose.

(q) Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

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

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

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

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

3 Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

(i) Financial assets (continued)

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

All gains and losses are taken to the consolidated statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the consolidated statement of financial activities.

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

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

(ii) Financial liabilities

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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

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

3 Summary of significant accounting policies (continued)

(r) Critical accounting judgements and key source of estimation uncertainty

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

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

Critical judgements in applying the entity's accounting policies:

(i) Share of loss in joint venture

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

(ii) Intangible assets - software

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

(s) Key accounting estimates and assumptions

(i) Carrying value of goodwill

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

(ii) Retirement benefit obligations

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

Note 26 details the actuarial assumptions used in determining the carrying amount at 31 March 2021.

(iii) Provisions

Provision is made for reorganisation costs and dilapidations. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

(t) Future amendments to FRS 102

There are no amendments to FRS 102 or Financial Reporting Council abstracts that have a significant effect on the current year, prior year or future periods.

4 Income from charitable and other trading activities

	Unrestricted funds 2021 £000	2020 £000
Educational Services - United Kingdom fee income	131,665	183,018
Educational Services – Overseas fee income	702	869
Total income from charitable activities	132,367	183,887
Digital Services – United Kingdom income	1,206	3,374
Digital Services – Overseas income	1,064	1,531
Total income from other trading activities	2,270	4,905

5 Investment income and management costs

	Unrestricted funds 2021 £000	2020 £000
Interest – UK deposits	142	378
Dividends	568	1,146
	710	1,524
Net credit to other finance income on defined pension scheme assets and liabilities (note 26)	498	645
Total investment income	1,208	2,169
Brokers' fees	130	98
Total investment management costs	130	98
Net investment income	1,078	2,071

6 Total of expenditure

	Educational services £000	Digital services £000	2021 Total £000	2020 Total £000
Operational costs:				
Examiner costs	11,658	-	11,658	62,220
Printing postage and other examination costs	4,580	-	4,580	6,574
Premises costs	2,304	1,398	3,702	4,488
Direct staff costs	35,076	7,691	42,767	44,637
Finance charge – operating lease rentals	1,454	647	2,101	2,100
Non capital IT costs	17,238	551	17,789	8,606
Depreciation	687	754	1,441	1,456
Amortisation of intangibles	13,981	4,374	18,355	8,498
(Profit)/loss on disposal	(501)	(48)	(549)	11
Overheads	2,324	1,397	3,721	4,931
Research and development costs	-	1	1	1
Restructuring costs	187	-	187	394
Consultancy	3,222	-	3,222	1,084
Net finance cost relating to defined benefit pension scheme	956	-	956	1,206
Governance costs (see note 9)	385	15	400	476
Support costs (see note 9)	20,188	1,497	21,685	22,681
Total expenditure	113,739	18,277	132,016	169,363

Discontinued operations shown on the SOFA relate to the closure of DRS's print division

7 Summary analysis of expenditure and related income for charitable activities

	2021 Total £000	2020 Total £000
Income from charitable activities:		
Fees and charges	132,367	183,887
Total income	132,367	183,887
Expenditure on charitable activities:		
Staff costs	55,876	57,985
Operational costs	69,879	103,040
Total expenditure	125,755	161,025
Total surplus from charitable activities	6,612	22,862

Discontinued operations shown on the SOFA relate to the closure of DRS's print division

8 Taxation

AQA is a charity and therefore claims exemption from corporation tax. The subsidiary undertakings are non-charitable companies incorporated in England and Wales and are subject to corporation tax. Subsidiary trading companies pay any taxable profits to the Charity each year as Gift Aid and thus do not incur corporation tax.

9 Analysis of governance and support costs

The Group initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the charitable activities undertaken (see note 6) in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

	Support costs	Governance function	2021 Total	**Basis of allocation**
	£000	£000	£000	
Employment costs	21,685	15	21,700	Staff time
Trustee expenses	-	3	3	Invoiced events
Internal audit services	-	275	275	Governance
External auditor – audit services:				
Audit of consolidated and Charity financial statements	-	83	83	Governance
Audit of the subsidiary financial statements	-	24	24	Governance
Total	21,685	400	22,085	

	Support costs	Governance function	2020 Total	**Basis of allocation**
	£000	£000	£000	
Employment costs	22,681	15	22,696	Staff time
Trustee expenses	-	18	18	Invoiced events
Internal audit services	-	320	320	Governance
External auditor – audit services:				
Audit of consolidated and Charity financial statements	-	98	98	Governance
Audit of the subsidiary financial statements	-	24	24	Governance
Total	22,681	475	23,156	Governance

As the Charity is unable to recover input VAT, the fee for the audit of consolidated and Charity financial statements includes VAT.

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

	2021	2020
	£000	£000
Wages and salaries	48,829	50,860
Social Security costs	4,954	4,844
Pension costs		
- Defined benefit pension costs	2,523	3,514
- Defined contribution pension costs	4,962	4,406
	61,268	63,624
Other staff related costs	1,187	3,683
	62,455	67,307

During the year £657,000 *(2020: £nil)* was received from the Government in respect of the Coronavirus Job Retention Scheme.

Termination payments of £39,000 (*2020: £737,000*) were made in the year, due to a change in the staffing structure.

	2021	2020
	Number	Number
Average monthly number of employees and temporary staff (all of whom are directly or indirectly employed in the administration of examinations).		
By activity:		
Educational services	726	804
Support and administration	443	451
Digital services	112	214
	1,281	1,469

Having received Charity Commission permission £15,000, (2020: £15,000) was paid to Mr van Wijngaarden in his role as Chair of the Trustees. The trustees have been reimbursed for all expenses incurred by them in connection with their attendance at meetings of the Board, other committees or general meeting of the Charity of otherwise in connection with their discharge of their duties as trustees. Travelling and subsistence expenses amounting to £3,388 *(2020:* £18,000*)*, were reimbursed to 13 *(2020: 14)* trustees.

The key management personnel of the parent Charity comprise the Executive Team alongside the trustees of the Charity. The total remuneration of the key management personnel of the Charity over the full year was £1,265,000 *(2020: £1,191,000)*. The remuneration of the Chief Executive Officer, who is also a trustee, was £249,000 *(2020: £132,000).*

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

The key management personnel of the Group comprise those of the Charity and the key management personnel of its two wholly owned subsidiaries. The remuneration of the key management personnel of the two subsidiaries totalled £442,000 *(2020: £348,000)*. The employee benefits of key management personnel for the Group were £1,707,000 *(2020: £1,539,000*).

113 employees *(2020: 99 employees)* within the Group earned over £60,000 in the year excluding pension contributions within the following bands:

Group

	Year ended 31 March 2021 Number	Year ended 31 March 2020 Number
Higher paid employees fell within the following bands:		
£60,001 to £70,000	54	40
£70,001 to £80,000	24	23
£80,001 to £90,000	7	9
£90,001 to £100,000	9	8
£100,001 to £110,000	6	3
£110,001 to £120,000	2	4
£120,001 to £130,000	3	4
£130,001 to £140,000	2	5
£140,001 to £150,000	2	1
£150,001 to £160,000	2	-
£160,001 to £170,000	1	1
£210,001 to £220,000	-	1
£240,001 to £250,000	1	-

The above bandings are based on annual salaries.

Contributions were made to defined benefit pension schemes for 21 (*2020: 21*) higher paid employees. Contributions amounting to £782,000 (*2020: £686,000*) were made to defined contribution schemes for 84 (*2020: 71*) higher paid employees.

11 Intangible assets

Goodwill represents the excess of acquisition costs over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is amortised over eight years on a straight line basis. The amortisation charge in the year of acquisition is apportioned from the date of acquisition.

Group	Goodwill	Software	Development expenditure	Total
	£000	£000	£000	£000
COST				
At 1 April 2020	7,676	48,211	14,895	70,782
Additions	-	14,606	479	15,085
Reclassification	-	(3,322)	-	(3,322)
Disposals	-	(106)	-	(106)
At 31 March 2021	7,676	59,389	15,374	82,439
ACCUMULATED AMORTISATION				
At 1 April 2020	5,408	10,906	8,188	24,502
Amortisation charge for the year	627	13,547	4,181	18,355
On disposal	-	(12)	-	(12)
At 31 March 2021	6,035	24,441	12,369	42,845
NET BOOK VALUE				
At 31 March 2021	1,641	34,948	3,005	39,594
At 31 March 2020	2,268	37,305	6,707	46,280

Charity	Software	Total
	£000	£000
COST		
At 1 April 2020	46,813	46,813
Additions	14,552	14,552
Write off	(3,322)	(3,322)
Disposals	(106)	(106)
At 31 March 2021	57,937	57,937
ACCUMULATED AMORTISATION		
At 1 April 2020	10,040	10,040
Amortisation charge for the year	13,352	13,352
On disposals	(12)	(12)
At 31 March 2021	23,380	23,380
NET BOOK VALUE		
At 31 March 2021	34,557	34,557
At 31 March 2020	36,773	36,773

12 Tangible fixed assets

Group	Freehold Land & Buildings £000	Leasehold Land & Buildings £000	IT Equipment £000	Furniture, Equipment and Vehicles £000	Total £000
COST					
At 1 April 2020	2,084	16,223	2,987	11,111	32,405
Additions	-	1,000	3	3,646	4,649
Disposals	-	-	(124)	(1,428)	(1,552)
At 31 March 2021	2,084	17,223	2,866	13,329	35,502
ACCUMULATED DEPRECIATION					
At 1 April 2020	759	8,147	2,820	7,717	19,443
Charge for the year	48	392	132	869	1,441
On disposals	-	-	(124)	(1,428)	(1,552)
At 31 March 2021	807	8,539	2,828	7,158	19,332
NET BOOK VALUE					
At 31 March 2021	1,277	8,684	38	6,171	16,170
At 31 March 2020	1,325	8,076	167	3,394	12,962

The significant increase in furniture, equipment and vehicle was due to building a new mezzanine floor at DRS's Scanning Centre in Milton Keynes. A total of £3,350,000 was paid by AQA to DRS, this income in DRS and corresponding expense in AQA, eliminated upon consolidation with only the tangible fixed assets being recognised.

Charity	Leasehold Land & Buildings £000	IT Equipment £000	Furniture, Equipment and Vehicles £000	Total £000
COST				
At 1 April 2020	16,223	2,348	3,251	21,822
Additions	1,000	-	238	1,238
At 31 March 2021	17,223	2,348	3,489	23,060
ACCUMULATED DEPRECIATION				
At 1 April 2020	8,147	2,197	2,960	13,304
Charge for the year	392	121	163	676
At 31 March 2021	8,539	2,318	3,123	13,980
NET BOOK VALUE				
At 31 March 2021	8,684	30	366	9,080
At 31 March 2020	8,076	151	291	8,518

12 Tangible fixed assets (continued)

Analysis of leasehold land and buildings as at 31 March 2021

Group	Freehold Land & Buildings	Leasehold Land & Buildings		Total
		Short	Long	
	£000	£000	£000	£000
Cost	2,084	-	17,223	19,307
Depreciation	(807)	-	(8,539)	(9,346)
Net book value	1,277	-	8,684	9,961

Charity	Leasehold Land & Buildings		Total
	Short	Long	
	£000	£000	£000
Cost	-	17,223	17,223
Depreciation	-	(8,539)	(8,539)
Net book value	-	8,684	8,684

13 Investment in subsidiary undertakings

(a) Investment in subsidiary undertakings

	2021	2020
	£000	£000
At 1 April 2020 and 31 March 2021		
Doublestruck	5,826	5,826
DRS	7,308	7,308
	13,134	13,134

AQA holds 100% of the share capital of Doublestruck Limited (Doublestruck) and DRS Data Services Limited (DRS). The registered address of Doublestruck (Company number: 02373295) is Devas Street, Manchester, M15 6EX and for DRS (Company number: 05568337) is 1 Danbury Court, Linford Wood, Milton Keynes, Buckinghamshire, MK14 6LR.

13 Investment in subsidiary undertakings (continued)

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

	Doublestruck Limited		DRS Data Services Limited	
	2021	2020	2021	2020
	£000	£000	£000	£000
Total income	4,206	4,575	15,537	17,614
Total expenditure	(2,601)	(2,593)	(18,824)	(20,248)
Profit/(loss) on ordinary activities before taxation	1,605	1,982	(3,287)	(2,634)
Taxation	-	-	-	(38)
Retained profit/(loss) for the year	1,605	1,982	(3,287)	(2,672)
Assets	3,184	3,520	15,002	14,564
Liabilities	(2,971)	(2,966)	(15,849)	(12,124)
Net assets/(liabilities)	213	554	(847)	2,440

(b) Investment in joint venture

	2021	2020
	£000	£000
At 1 April 2020	(451)	(510)
Funding payments	600	1,310
Share of loss	(827)	(1,251)
At 31 March 2021	(678)	(451)

AQA's share of the accumulated losses of the joint venture which exceeds the amount invested is included within provisions for liabilities and charges on the balance sheet and is stated at cost less impairment. During the year, an addition of £600,000 was made to the cost of the investment which was then subsequently impaired.

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

Name of the entity	Place of business/country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Oxford International AQA Examinations Limited	United Kingdom	50	Note 1	Equity

Note 1: Oxford International AQA Examinations Limited. The company offers a new suite of international GCSE, AS and A-level qualifications to schools outside the UK that teach a British curriculum. The qualifications are designed and delivered by AQA and externally validated to ensure they are comparable to UK qualifications.

13 Investment in subsidiary undertakings (continued)

The business made a loss in the year, in line with expectations at this stage of its growth and the AQA trustees remain positive about future trading. Due to the timing of examinations, initial income did not commence until financial year to 31 March 2018. At 31 March 2021, AQA remains committed to funding its share of the jointly controlled entity.

14 Other fixed asset investments

Investments

	Group & Charity 2021 £000	Group & Charity 2020 £000
Market value at 1 April 2020	35,418	37,880
Additions at cost	19,133	12,890
Disposals at market value (i.e. sales proceeds)	(19,450)	(12,549)
Net movements in cash	768	520
Net investment gains / (losses)	6,889	(3,323)
Market value at 31 March 2021	42,758	35,418
Cost at 31 March 2021	39,474	38,790
Balance on net unrealised gain / (loss) reserve	3,284	(3,372)

Analysis of net investment gains / (losses)

	Group & Charity 2021 £000	Group & Charity 2020 £000
Movement on unrealised gains / (losses)	6,655	(3,253)
Realised gains / (losses) based on historic cost of investments disposed of during the year	234	(70)
Net investment gains / (losses)	6,889	(3,323)

14 Other fixed asset investments (continued)

Analysis of market value of investments held

	Group & Charity 2021 £000	% of total	Group & Charity 2020 £000	% of total
Equities				
United Kingdom	2,974	7.0	6,832	19.3
Overseas	20,786	48.6	12,172	34.4
Bonds				
United Kingdom	2,415	5.6	3,036	8.6
Overseas	2,596	6.1	1,012	2.8
Multi asset funds	3,456	8.1	4,158	11.7
Alternatives				
Property	3,129	7.3	3,248	9.2
Commodities	1,809	4.2	1,351	3.8
Other	3,965	9.3	2,748	7.8
Cash held with fund managers	1,628	3.8	861	2.4
	42,758	100.0	35,418	100.0

The presentation has been updated from the prior year to better reflect the type of investment held.

All investments are carried at their fair value. Investment in equities and fixed interest units are all traded in quoted public markets, such as the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

15 Stocks and work in progress

	Group 2021 £000	Charity 2021 £000	Group 2020 £000	Charity 2020 £000
Raw materials	693	-	936	-
Work in progress	365	-	64	-
Finished goods	1,007	925	710	667
	2,065	925	1,710	667

The balances above are shown net of a provision amounting to £391,000 (*2020: £409,000*).

16 Debtors

	Group 2021 £000	Charity 2021 £000	Group 2020 £000	Charity 2020 £000
Trade debtors	58,364	57,348	67,966	67,049
Amount recoverable on contracts	115	-	114	-
Amounts owed by Group undertakings	-	13,624	-	10,264
Amount due from related party	300	300	137	137
Other debtors	495	310	785	474
Prepayments and accrued income	6,412	6,014	3,682	3,349
	65,686	77,596	72,684	81,273

Prepayments and accrued income includes £900,000 *(2020:£219,000)* falling due after more than one year.

Other debtors includes £185,000 *(2020: £185,000)* falling due after more than one year.

Amounts due from Group undertakings are unsecured. Loans are repayable on demand with twelve months' notice and interest is charged at a commercial rate.

17 Current investments

Investments totalling £2,821,000 *(2020: £29,809,000)* shown under current assets for the Group and Charity are represented by shares in the BlackRock Institutional Sterling Liquidity Fund and Goldman Sachs Sterling Liquid Reserves Fund.

18 Creditors: amounts falling due within one year

	Group 2021 £000	Charity 2021 £000	Group 2020 £000	Charity 2020 £000
Trade creditors	5,488	4,752	6,339	5,970
Payments on account	-	-	39	-
Amounts owed to Group undertakings	-	1,929	-	1,114
Taxation and social security costs	1,892	1,343	1,917	1,384
Other creditors	430	121	150	59
Accruals and deferred income	158,375	154,964	169,953	166,559
	166,185	163,109	178,398	175,086

Amounts due to Group undertakings are unsecured. Loans are repayable on demand and interest is payable at a commercial rate.

Accruals and deferred income include net refund liability of £25,000,000. The net refund liability was arrived at by adjusting the £45,000,000 refund with £20,000,000 debtors that remain outstanding.

The movement on deferred income during the year was:

	Group 2021 £000	Charity 2021 £000	Group 2020 £000	Charity 2020 £000
Balance at 1 April 2020	164,446	162,132	158,783	156,836
Amount deferred in the year	131,550	131,407	164,398	163,931
Amount released in the year	(124,798)	(124,798)	(158,735)	(158,635)
Refunded to schools and colleges	(42,178)	(42,178)	-	-
Balance at 31 March 2021	129,020	126,563	164,446	162,132

The amount refunded to schools and colleges of £42,178,000 was in respect of the Summer 2020 exam series and relates to savings made in delivery of the special exam series. The amount to be refunded in respect of Summer 2021 is £45,000,000 and has been treated as an adjusting event.

19 Financial instruments

The Group and Charity have the following financial instruments:

	Note	Group 2021 £000	Charity 2021 £000	Group 2020 £000	Charity 2020 £000
Financial assets measured at fair value through statement of financial activities:					
Investment in securities					
Equities	14	23,760	23,760	19,004	19,004
Bonds	14	5,011	5,011	4,048	4,048
Multi asset funds	14	3,456	3,456	4,158	4,158
Alternatives	14	8,903	8,903	7,347	7,347
Cash held with fund managers	14	1,628	1,628	861	861
Short-term deposits	17	2,821	2,821	29,809	29,809
		45,579	45,579	65,227	65,227

	Note	Group 2021 £000	Charity 2021 £000	Group 2020 £000	Charity 2020 £000
Financial liabilities measured at amortised cost:					
Trade creditors	18	5,488	4,752	6,339	5,970
Amounts owed to Group undertakings	18	-	1,929	-	1,114
Other creditors	18	430	121	150	59
Accruals	18	30,349	29,395	4,814	3,734
		36,267	36,197	11,303	10,877

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

20 Provisions for liabilities and charges

Group	Reorganisation	Leasehold dilapidations	Share of loss in joint venture	Total
	£000	£000	£000	£000
Balance at 1 April 2020	33	2,153	451	2,637
Provided in the year	47	157	227	431
Utilised in the year	(33)	(305)	-	(338)
Balance at 31 March 2021	47	2,005	678	2,730

Charity	Reorganisation	Leasehold dilapidations	Share of loss in joint venture	Total
	£000	£000	£000	£000
Balance at 1 April 2020	33	1,753	451	2,237
Provided in the year	47	14	227	288
Utilised in the year	(33)	-		(33)
Balance at 31 March 2021	47	1,767	678	2,492

20 Provisions for liabilities and charges (continued)

Reorganisation provision

The provision relates to estimated costs of changes to staffing structures. The provision is a non-contingent liability.

Leasehold dilapidations

As part of the property leasing arrangements there is an obligation to repair damages and make good leasehold properties when they are vacated. The provision is expected to be utilised between 2021 and 2108 as the leases terminate.

Share of loss in joint venture

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

21 Total Charity Funds

Analysis of movements in unrestricted funds

Group	1 April 2020	Net Income/ (expenditure)	Investment and actuarial gains / (losses)	Transfers	31 March 2021
	£000	£000	£000	£000	£000
Designated funds					
Pension charged account fund	500	-	-	2,000	2,500
Total designated funds	500	-	-	2,000	2,500
Unrestricted funds					
General unrestricted funds	41,176	22,271	-	(13,479)	49,968
Fixed asset fund	59,241	(19,166)	-	14,049	54,124
Capital commitments	2,826	-	-	(2,826)	-
Investment revaluation reserve	(3,372)	-	6,656	-	3,284
Total unrestricted funds	99,871	3,105	6,656	(2,256)	107,376
Unrestricted funds before pension asset	100,371	3,105	6,656	(256)	109,876
Net pension asset	19,498	-	(17,288)	256	2,466
Total Charity Funds	119,869	3,105	(10,632)	-	112,342

21 Total Charity Funds (continued)

Analysis of net assets between funds 2021

Group	Designated fund	Total unrestricted	Pension asset	Total funds
Intangible assets	-	39,594	-	39,594
Tangible assets	-	16,170	-	16,170
Investments	-	42,758	-	42,758
Current assets	2,500	177,769	-	180,269
Liabilities	-	(166,185)	-	(166,185)
Provisions	-	(2,730)	-	(2,730)
Pension asset	-	-	2,466	2,466
Total net assets	2,500	107,376	2,466	112,342

Analysis of movements in unrestricted funds

Charity	1 April 2020	Net income/ (expenditure)	Investment and actuarial gains / (losses)	Transfers	31 March 2021
	£000	£000	£000	£000	£000
Designated funds					
Pension charged account fund	500	-	-	2,000	2,500
Total designated funds	500	-	-	2,000	2,500
Unrestricted funds					
General unrestricted funds	62,995	21,490	-	(11,803)	72,682
Fixed asset fund	45,290	(14,027)	-	12,373	43,636
Capital commitments	2,826	-	-	(2,826)	-
Investment revaluation reserve	(3,372)	-	6,656	-	3,284
Total unrestricted funds	107,739	7,463	6,656	(2,256)	119,602
Unrestricted funds before pension asset	108,239	7,463	6,656	(256)	122,102
Net pension asset	19,498	-	(17,288)	256	2,466
Total Charity Funds	127,737	7,463	(10,632)	-	124,568

21 Total Charity Funds (continued)

Analysis of net assets between funds 2021

Charity	Designated fund	Total Unrestricted	Pension asset	Total funds
Intangible assets	-	34,557	-	34,557
Tangible assets	-	9,080	-	9,080
Investment in subsidiary undertakings	-	13,134	-	13,134
Investments	-	42,758	-	42,758
Current assets	2,500	185,675	-	188,175
Liabilities	-	(163,109)	-	(163,109)
Provisions	-	(2,493)	-	(2,493)
Pension asset	-	-	2,466	2,466
Total net assets	2,500	119,602	2,466	124,568

In the prior year, the funds were the same as the current year with the exception of the capital commitments fund. This fund represents our commitments to complete our planned capital programmes.

During the year the trustees have reviewed AQA's reserves policy and, as a result, the above fund is no longer deemed necessary.

21 Total Charity Funds (continued)

Analysis of movements in unrestricted funds

Group	1 April 2019	Net income / (expenditure)	Investment and actuarial (losses) / gains	Transfers	31 March 2020
	£000	£000	£000	£000	£000
Designated funds					
Pension charged account fund	-	-	-	500	500
Total designated funds	-	-	-	500	500
Unrestricted funds					
General unrestricted funds	34,329	30,124	-	(23,277)	41,176
Fixed asset fund	47,571	(9,945)	-	21,615	59,241
Capital commitments	3,338	-	-	(512)	2,826
Investment revaluation reserve	(119)	-	(3,253)	-	(3,372)
Total unrestricted funds	85,119	20,179	(3,253)	(2,174)	99,871
Unrestricted funds before pension asset	85,119	20,179	(3,253)	(1,674)	100,371
Net pension asset	10,090	-	7,734	1,674	19,498
Total Charity Funds	95,209	20,179	4,481	-	119,869

Analysis of net assets between funds 2020

Group	Designated fund	Total unrestricted	Pension asset	Total funds
Intangible assets	-	46,280	-	46,280
Tangible assets	-	12,962	-	12,962
Investments	-	35,418	-	35,418
Current assets	500	186,939	-	187,439
Liabilities	-	(179,091)	-	(179,091)
Provisions	-	(2,637)	-	(2,637)
Pension asset	-	-	19,498	19,498
Total net assets	500	99,871	19,498	119,869

21 Total Charity Funds (continued)

Analysis of movements in unrestricted funds

Charity	1 April 2019	Net income/ (expenditure)	Investment and actuarial (losses) /gains	Transfers	31 March 2020
	£000	£000	£000	£000	£000
Designated funds					
Pension charged account fund	-	-	-	500	500
Total designated funds	-	-	-	500	500
Unrestricted funds					
General unrestricted funds	55,854	28,962	-	(21,821)	62,995
Fixed asset fund	30,407	(4,936)	-	19,821	45,290
Capital commitments	3,000	-	-	(174)	2,826
Investment revaluation reserve	(119)	-	(3,253)		(3,372)
Total unrestricted funds	89,142	24,026	(3,253)	(2,174)	107,739
Unrestricted funds before pension asset	89,142	24,026	(3,253)	(1,674)	108,239
Net pension asset	10,090	-	7,734	1,674	19,498
Total Charity Funds	99,232	24,026	4,481	-	127,737

Analysis of net assets between funds 2020

Charity	Designated fund	Total Unrestricted	Pension asset	Total funds
Intangible assets	-	36,773	-	36,773
Tangible assets	-	8,518	-	8,518
Investment in subsidiary undertakings	-	13,134	-	13,134
Investments	-	35,418	-	35,418
Current assets	500	191,913	-	192,413
Liabilities	-	(175,779)	-	(175,779)
Provisions	-	(2,238)	-	(2,238)
Pension asset	-	-	19,498	19,498
Total net assets	500	107,739	19,498	127,737

22 Net cash generated from operating activities

Reconciliation of net income to net cash inflow from operating activities

	Group 2021 £000	Group 2020 £000
Net incoming resources before other recognised gains / (losses)	2,872	20,249
Net investment income excluding net finance income on defined benefit pension schemes	(710)	(1,524)
Depreciation	1,441	1,456
Loss on disposal of tangible fixed assets	95	11
Amortisation of intangibles	18,355	8,498
Reclassification of intangible assets	3,322	-
(Increase) in stocks	(355)	(320)
Decrease in debtors	6,800	3,110
(Decrease)/increase in creditors	(12,213)	5,650
Increase in provisions	693	587
Post-employment benefits less payments	(256)	(1,674)
Net cash generated in operating activities	20,044	36,043

Analysis of changes in net debt

	At 1 April 2020 £000	Cash flows £000	Acquired £000	Non cash changes £000	At 31 March 2021 £000
Cash at bank and in hand	82,543	27,154	-	-	109,697
Total cash and cash equivalents	82,543	27,154	-	-	109,697

Included in the balance at 31 March 2021 is £2,500,000 *(2020: £500,000)* relating to a pension charged account to help fund a buy-out of the pension scheme with an insurance company at some time in the future.

23 Operating lease commitments

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

	Group 2021 £000	Charity 2021 £000	Group 2020 £000	Charity 2020 £000
Not later than one year	1,791	1,116	1,870	1,182
Later than one year and not later than five years	4,683	2,985	5,129	3,322
Later than five years	16,133	13,083	17,416	13,968
	22,607	17,184	24,415	18,472

24 Capital commitments

There were £6,170,000 capital commitments contracted for at 31 March 2021 but not provided for *(2020: £2,826,000)* in relation to contracts for software systems.

25 Related party transactions

The contribution by the Group to the defined benefit and defined contribution plan is detailed in note 10.

In the year, AQA received £348,000 (*2020: £336,000*) from Doublestruck for royalty fees, and AQA paid £55,000 (*2020: £89,000*) to Doublestruck for loan interest. Doublestruck also paid Gift Aid of £1,970,000 (*2020: £1,987,000*) to AQA during the year. The amount owed by AQA to Doublestruck in respect of a loan and accrued interest was £1,031,000 *(2020: £1,114,000)* at 31 March 2021.

In the year, DRS charged AQA £13,266,000 *(2020: £12,709,000)* for digital and IT services and exceptional items *(2020: digital services)* and DRS paid AQA £547,000 *(2020: £423,000)* for loan interest. During the year, DRS paid £nil (*2020: £409,000*) to AQA for Gift Aid. The amount owed by DRS to AQA in respect of a loan, accrued interest and amounts to be recharged was £12,726,000 *(2020: £10,185,000)* at 31 March 2021.

The amounts recharged to the joint venture in the year were £1,100,000 (*2020: £1,684,000*). The amount due to AQA at the year-end was £289,000 (*2020: £137,000*).

There have been no other related party transactions in the reporting year**.**

26 Retirement benefits

The two principal defined benefit pension schemes for AQA's staff are the AQA Pension Scheme and the Greater Manchester Pension Fund (GMPF). In accordance with section 28 of FRS 102, unfunded pension liabilities are included in the defined benefit pension schemes liability.

AQA has opted to aggregate the section 28 of FRS 102 disclosure notes for the AQA Pension Scheme, GMPF and unfunded pension liabilities. The total pension costs for the year are:

	2021	2020
	£000	£000
Total AQA pension costs	2,008	3,514

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

	2021	2020
	£000	£000
The AQA Pension Scheme	27,545	40,165

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

	2021	2020
	£000	£000
GMPF	21,463	17,069
Unfunded pension liabilities	3,616	3,598
	25,079	20,667

26 Retirement benefits (continued)

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

The plan is administered by independent trustees, who are responsible for ensuring that the plan is sufficiently funded to meet current and future obligations. The last completed full actuarial valuation of the Pension Scheme was at 30 September 2018.

AQA participates in the Greater Manchester Pension Fund (GMPF), which is an externally funded defined benefit pension scheme, where AQA's share of the total scheme's underlying assets and liabilities can be separately identified. Unfunded pension liabilities represent the liability of unfunded pensions for former employees of AQA.

The principal causes of the increase in the total defined benefit pension scheme liability are a decrease in the expected return on assets and an increase in the assumed life expectancy of scheme members which has been offset partly by an increase in the discount rate assumption for section 28 of FRS 102 purposes.

Principal actuarial assumptions

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

	2021 % per annum	2020 % per annum
Price increases	2.75 – 3.35	1.85 – 2.60
Pension increases - in payment	2.55 – 3.25	2.20 – 2.60
Pension increases - deferred	2.75	1.85
Salary increases	3.00	2.35
Discount rate	2.10	2.20

The figures presented in these disclosures are based on the mortality assumptions adopted for the latest funding valuation with additional margins for prudence removed. For the AQA scheme the tables used are 97% of S2PxA (92% S2PxA) tables for males (females); future improvements are in line with the CMI 2020 projections subject to a long term trend rate of 1.25%. For the GMPF liabilities the tables used are Club Vita curves, CMI 2018 subject to a long term trend rate of 1.5% and a smoothing parameter of 7.0 and an initial addition parameter of 0.5% (0.25%). For the unfunded arrangements the same tables as the AQA liabilities are used but these are adjusted to reflect the assumed higher life expectancy of these members, specifically 67% of S2PxA (62% S2PxA) tables for males (females); future improvements are in line with the CMI 2020 projections subject to a long term trend rate of 1.25%. Example life expectancies are 24.5 years (27.2 years) from age 65 for a male (female) currently aged 65 and 25.8 years (28.6 years) from age 65 for a male (female) currently aged 45.

26 Retirement benefits (continued)

Statement of financial position disclosures

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

	Net Pension Asset		Net Pension Liabilities		Total	
	2021	2020	2021	2020	2021	2020
	£000	£000	£000	£000	£000	£000
Fair value of scheme assets	197,677	188,498	94,538	78,195	292,215	266,693
Present value of liabilities	(170,132)	(148,333)	(119,617)	(98,862)	(289,749)	(247,195)
Net pension asset/(liability)	27,545	40,165	(25,079)	(20,667)	2,466	19,498

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

	2021	2020
	%	%
Equities	39.4	40.6
Property	11.6	11.5
Bonds	35.8	32.2
Hedge Funds	8.6	11.1
Cash and other	4.6	4.6
Total	100.0	100.0

Statement of financial activities disclosures

Amounts recognised in the statement of financial activities before net outgoing resources

	2021	2020
	£000	£000
Current service cost	1,166	1,313
Past service cost	172	358
Scheme administration expenses	912	814
Net interest on asset	(498)	(645)
Total	1,752	1,840
Actual return on scheme assets	(17,288)	7,734

26 Retirement benefits (continued)

Changes in the present value of the defined benefit obligation

	2021	2020
	£000	£000
Opening defined benefit obligation	247,195	260,341
Current service cost	1,166	1,313
Past service costs	172	358
Interest cost	5,304	6,062
Contributions by members	308	340
Actuarial losses/(gains)	42,983	(13,860)
Benefits paid	(7,379)	(7,359)
Closing defined benefit obligation	289,749	247,195

Changes in the fair value of the scheme assets

	2021	2020
	£000	£000
Opening fair value of scheme assets	266,693	270,431
Expected return on assets	25,695	(6,126)
Interest income	5,802	6,707
Contributions by members	308	340
Contributions by employer	2,008	3,514
Scheme administration expenses	(912)	(814)
Benefits paid	(7,379)	(7,359)
Closing fair value of scheme assets	292,215	266,693

26 Retirement Benefits (continued)

Amounts for the current and previous four years

	31 March 2021 £000	31 March 2020 £000	31 March 2019 £000	31 March 2018 £000	31 March 2017 £000
Fair value of scheme assets	292,215	266,693	270,431	255,025	249,713
Present value of defined benefit obligation	(289,749)	(247,195)	(260,341)	(260,515)	(261,681)
Net pension asset /(liability)	2,466	19,498	10,090	(5,490)	(11,968)

Other defined benefit pension schemes

Multi-employer defined benefit schemes

AQA participated in two *(2020: two)* multi-employer defined benefit schemes where it is not possible to separately identify the assets and liabilities for each participating employer. Accordingly, under section 28 of FRS 102, these schemes are treated as defined contribution schemes for accounting purposes.

Defined contribution schemes

During the year, the total amount charged to the consolidated statement of financial activities in relation to defined contribution schemes (including the defined benefit schemes accounted for as defined contribution schemes under section 28 of FRS 102) amounted to £4,962,000 *(2020: £3,518,000)*. The amount charged includes contributions to the AQA defined contribution scheme. No contributions were payable to the schemes at the year end *(2020: £nil)*.

27 Events after the reporting date

In January 2021, the Government announced the cancellation of all GCSE, AS and A-level exams during Summer 2021. The Department for Education and Ofqual launched a consultation on the awarding of qualifications during this unprecedented time, with the outcome being that teacher assessed grades would be issued. To support this our key focus immediately after the year end was developing support materials to help teachers grade assessments.

As Summer 2021's grading arrangements will lead to a saving for us we're passing this back to centres. Since the end of the financial year we've announced a refund of £45,000,000, this has been treated as an adjusting event in the financial statements. Alongside the refund, which amounts to 26% of the entry fees schools and colleges paid for the Summer 2021 series, we will be removing any late fees.

Legal and administrative details

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