



Annual Report and Accounts 2003/04

Advancing Education and Training:
Promoting Quality and Coherence



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Annual Report for the year ended 31 March 2004

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The Right Hon. Rhodri Morgan AM
First Minister
Welsh Assembly Government
Cardiff Bay
CARDIFF
CF99 1NA

Our Ref: 01-11-010

Your Ref:

September 2004

Dear First Minister

I have great pleasure in presenting you with the Annual Report and Accounts of Awdurdod Cymwysterau, Cwricwlwm ac Aseu Cymru/the Qualifications, Curriculum and Assessment Authority for Wales (ACCAC) for the year ended 31 March 2004.

The Report reviews the Authority's activities and achievements for the period 1 April 2003 to 31 March 2004 together with its financial stewardship.

Yours sincerely

Brian Connolly
Chairman

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Cadeirydd/Chairman: Brian Connolly OBE
Prif Weithredwr/Chief Executive: John V Williams

Noddir gan
Lywodraeth Cynulliad Cymru
Sponsored by
Welsh Assembly Government



Glossary

ACCAC	Awdurdod Cymwysterau, Cwricwlwm ac Asesu Cymru/the Qualifications, Curriculum and Assessment Authority for Wales
A/AS	Advanced/Advanced Subsidiary
ASPB	Assembly Sponsored Public Body
BAFTA	British Academy for Film and Television Arts
CAA	Canolfan Astudiaethau Addysg (Publishers)
CCEA	Council for the Curriculum, Examinations and Assessment (Northern Ireland)
CIDREE	The Consortium of Institutions for Development and Research in Education in Europe
FBA	Francis Balsam Associates (Publishers)
GCE	General Certificate of Education
GCSE	General Certificate of Secondary Education
GNVQ	General National Vocational Qualification
IiP	Investors in People
IT	Information Technology
LEA	Local Education Authority
LSC	Learning and Skills Council (England)
National Council – ELWa	National Council for Education and Training for Wales
NVQ	National Vocational Qualification
QCA	Qualifications and Curriculum Authority (England)
SACRE	Standing Advisory Council on Religious Education
SQA	Scottish Qualifications Authority
SSDA	Sector Skills Development Agency
VCE	Vocational Certificate of Education
WBC	Welsh Books Council
WJEC	Welsh Joint Education Committee (Awarding Body)

The role of the Authority

ACCAC is responsible in Wales for:

- **advising on policy developments and ensuring quality and standards in external qualifications**
- **keeping under review all aspects of the school curriculum and statutory assessment arrangements for maintained schools**
- **commissioning classroom materials to support the teaching of Welsh, other subjects through the medium of Welsh and Wales-specific aspects of the curriculum**
- **advising on appropriate programmes of research and development**
- **publishing and disseminating information relating to qualifications, curriculum and assessment in Wales.**

The Authority's statutory background is summarised in the 'Foreword to the accounts'



Introduction

This report reviews the Authority's activities and achievements for the period 1 April 2003 to 31 March 2004 together with its financial stewardship.

The Qualifications, Curriculum and Assessment Authority for Wales/Awdurdod Cymwysterau, Cwricwlwm ac Asesu Cymru (ACCAC) has had a very busy year and succeeded in meeting its objectives. During the year, the Authority's main priorities included:

- Ensuring the secure delivery of public examinations in Wales in 2003, including those delivered by the WJEC. Following the Tomlinson Inquiry in England in 2002, ACCAC reviewed the systems in place in Wales, to ensure the smooth delivery of examinations and subsequent results for all learners.
- Developing future arrangements for Key Skills tests. Following the Key Skills review report in November 2003, ACCAC submitted advice to the Minister for Education and Lifelong Learning. In response the Minister announced the discontinuation of tests for Key Skills in Wales from September 2004. ACCAC has worked closely with awarding bodies to ensure that an effective transition strategy is in place.
- Undertaking a rigorous review of the curriculum and assessment arrangements in Wales. This has taken place over two years and has involved surveys, monitoring exercises, focus groups, canvassing the views of young people and holding national conferences to debate the future direction of the curriculum and its assessment. The final advice was sent to the Minister for Education and Lifelong Learning in May 2004.
- Taking forward work associated with its supplementary remit received in September 2003 to develop a framework for the Foundation Phase which specifically considers the education of children between three and seven years old.
- Leading on the development of advice on the Learning Pathways: 14–19 – Continuum of Learning following a supplementary remit received in September 2003.
- Supporting a range of initiatives such as the Basic Skills Strategy and the Credit and Qualifications Framework.
- The quinquennial review of the Authority. Every five years, the purpose and effectiveness of Assembly Sponsored Public Bodies (ASPBs) is reviewed. In 2003, the Welsh Assembly Government held its review of ACCAC. Ministers received the final report in March 2004. Following consideration of the report by Ministers and Authority Members, an action plan will be devised and implemented during 2004/05.
- Taking forward the full programme of work to review vocational qualifications on a four-country basis with partners in England (QCA and LSC), Northern Ireland (CCEA), Scotland (SQA) and Wales (National Council-ELWa), as well as the Sector Skills Development Agency.

The detailed achievements of the Authority are set out under each of the Authority's objectives.



The Authority's Members

Authority Members who served during the financial year 2003/04 were:

Mr Brian Connolly OBE, Chairman
Board Member of the Sector Skills Development Agency

Mr Owen Rees CB, Deputy Chairman
Formerly Under-Secretary at the Welsh Office

Mrs Eileen Davies
Head of Science, Trinity College, Carmarthen, Chair of Environmental Education Council for Wales

Mrs Sandra Davies OBE
Education consultant, formerly Headteacher, Ogmore Comprehensive School

Mrs Katija Dew
Project Manager, Wales Co-operative Centre Ltd

Mrs Jennifer Evans
Learner and Tutor Support Network Coordinator, The Learning Network

Mr Roger Evans
Formerly Personnel Director of ASW Holdings plc
retired 31 March 2004

Mr Rob Fowler
Vice Principal, Neath Port Talbot College

Mrs Janet Kingston
Headteacher, Risca Community Comprehensive, Risca
appointed 1 October 2003

Mrs Louise Lynn
Deputy Headteacher, Rhws Primary School, Rhose
appointed 1 April 2003

Dr Pauline Peregrine
Senior Lecturer, University of Glamorgan Business School

Dr Bryn Roberts
Managing Director, Vertex International Network Ltd

Mr Nigel Roberts
Author and Editor, specialising in Special Educational Needs
appointed 1 October 2003

Mrs Sandra Skinner
Secretary for Wales, The Duke of Edinburgh's Award Scheme
appointed 1 April 2003

Mrs Linda Wyn
Vice Principal, Coleg Menai
appointed 1 October 2003

Register of Members' interests

A register of Members' interests is available for inspection during normal office hours at the Authority's office at Castle Buildings, Womanby Street, Cardiff.



Mr Brian Connolly OBE, Chairman

The Authority's administration

The committee structure

The Authority

During the year, the Authority met four times.

All strategic policy matters are dealt with by the full Authority. Members are provided with minutes from all the committees and a quarterly performance report updates Members on the Authority's activities. Following recommendations from the Executive and Audit Committees, the Authority approved the *Corporate Plan*, the *Operational Plan*, and the *Annual Report and Accounts*. Advice provided to the Minister for Education and Lifelong Learning included withdrawing Key Skills tests and lifting restrictions on A level re-sits following the Tomlinson Inquiry. Approval was given for the publication of the WJEC audit action plan, which was drawn up following a review to ensure delivery of qualifications in accordance with accreditation criteria. Members have overseen the development of advice on the Review of the National Curriculum and Assessment

arrangements which was completed in May 2004. The Authority agreed the response to the Welsh Assembly Government's Foundation Phase: 3–7 consultation. The Authority also agreed changes to the National Qualifications Framework.

The detailed work of the Authority is undertaken in its various committees:

Audit Committee

Membership: Mr Roger Evans (Chair); Mrs Jennifer Evans; Mr Rob Fowler; Mrs Louise Lynn; Dr Pauline Peregrine; Mr Nigel Roberts

During the year, the Audit Committee met twice.

All internal and external audit and value-for-money issues are dealt with by the Audit Committee. During the year, the Audit Committee recommended the *Annual Report and Accounts for the year ended 31 March 2003* for approval by the full Authority. Following the re-appointment of Deloitte and Touche LLP as the Authority's internal auditors, Members accepted the audit needs

assessment presented for 2003–2006. Members also accepted the proposed strategy for risk management. The Committee received a number of internal audit reports along with the National Audit Office's Additional Assurance Report and Management Letter.

Commissioning Committee

Membership: Mr Owen Rees (Chair); Mr Brian Connolly; Mrs Eileen Davies; Mrs Louise Lynn; Mr Nigel Roberts; Mrs Linda Wyn

During the year the Commissioning Committee met three times.

All commissioning of Welsh and bilingual classroom materials is dealt with by this Committee. The Committee agreed the contract allocations for the year and the commissioning programme for 2004. It considered the Authority's commissioning remit with recommendations that provision for under-fives be clarified with the Welsh Assembly Government and further discussions take place with National

Council-ELWa regarding the division of responsibilities for 16–19-year-olds. Members also approved recommendations for the use of possible additional resources from the *Iaith Pawb Action Plan*.

Executive Committee

Membership: Mr Brian Connolly (Chair); Mrs Sandra Davies; Mrs Katija Dew; Mr Owen Rees; Dr Bryn Roberts; Mrs Sandra Skinner

During the year the Executive Committee met three times.

All administration, staffing, marketing, corporate and operational planning matters are dealt with by the Executive Committee. The Executive Committee recommended for approval by the full Authority the *Corporate Plan for 2004–2007*, the *Annual Report for the year ended 31 March 2003* and the *Operational Plan for 2004/05*. The Committee formally adopted a complaints procedure. Advice was also approved on the priorities for use of

The Authority's administration

possible extra resources available from 2004/05 from the *laith Pawb Action Plan*. In June 2003, the Committee appointed a new Assistant Chief Executive: Curriculum and Assessment 5–14. Roger Palmer, formerly the subject officer for English at ACCAC, took up his post on 1 October 2003.

Qualifications Committee

Membership: Mrs Sandra Davies (Chair); Mr Brian Connolly; Mrs Eileen Davies; Mrs Katija Dew; Mrs Jennifer Evans; Mr Roger Evans; Mr Rob Fowler; Mrs Janet Kingston; Dr Pauline Peregrine; Mr Owen Rees; Mrs Sandra Skinner

During the year the Qualifications Committee met twice.

The Qualifications Committee deals with all matters relating to external qualifications. During the year, the Committee received reports on work emerging from the review of vocational qualifications, developments in Welsh-medium qualifications and access to assessment and qualifications. The Committee approved the current

processes in place for monitoring qualifications as being appropriate and sufficient for the Authority to discharge its post-accreditation regulatory responsibilities. It also provided a steer on the review of regulatory arrangements for external qualifications.

Remuneration Committee

Membership: Mr Brian Connolly (Chair); Mrs Sandra Davies; Mr Owen Rees; Dr Bryn Roberts

During the year the Remuneration Committee met three times.

This Committee deals with the Chief Executive's performance pay arrangements.

Staff

The Chief Executive, John Valentine Williams is supported by four Assistant Chief Executives responsible for:

Qualifications and Curriculum 14–19
Linda Badham

Vocational Qualifications and Lifelong Learning
Ann Evans

Curriculum and Assessment 5–14
David Watcyn Jones
(retired 30 September 2003)

Roger Palmer
(appointed 1 October 2003)

Central Services and Commissioning
Huw Davies

The remainder of the staff complement is made up of subject officers and advisers with responsibilities for the curriculum, qualifications, assessment and commissioning, together with support staff.

Welsh language policy

The Authority's policy is to treat Welsh and English on the basis of equality in all its dealings with the public. The Authority is a 'public body' for the purposes of the Welsh Language Act and has a Welsh Language Scheme.

Standards of service

The Authority's *Standards of Service* sets out what can be expected by all those dealing with the Authority.

Allocation of the Authority's expenditure

The Authority's expenditure may be summarised as follows:

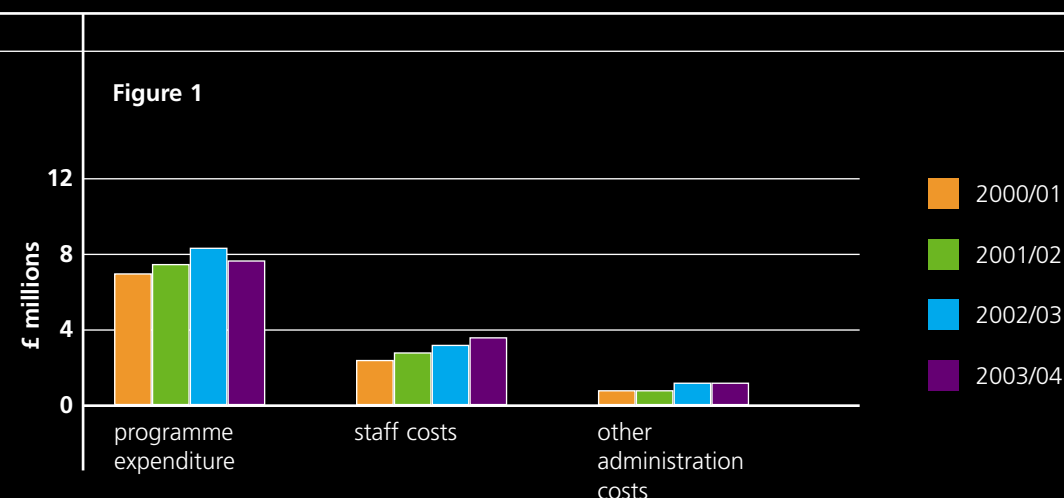
	£'000	%
Programme expenditure	7,724	65
Staff costs	3,227	27
Other administration costs	939	8

This division of expenditure is illustrated in Figure 1, with expenditure incurred during 2000/01, 2001/02 and 2002/03 included for comparison.

Programme expenditure during the period of this report was as follows:

	£'000	%
Objective 1 The Qualifications Framework	1,401	18
Objective 2 The school curriculum and its assessment	4,740	61
Objective 3 Commissioning of classroom materials	1,306	17
Objective 4 Research and intelligence, information and publicity	277	4

The results for the year are summarised in the 'Foreword to the accounts'.



The Authority's objectives

The Authority's purpose is to advance education and training in Wales with a view to promoting quality and coherence. To achieve this purpose the Authority has five key objectives:

Objective 1

Developing a coherent and integrated framework of high quality qualifications that meets the needs of Wales, improves levels of skill and educational achievement and commands the confidence of the public.

Objective 2

Developing a coherent and integrated curriculum and assessment framework for schools, which raises standards of achievement and widens educational opportunity.

Objective 3

Commissioning high quality Welsh and bilingual classroom materials to support the teaching of Welsh, other subjects through the medium of Welsh and Wales-specific aspects of the school curriculum.

Objective 4

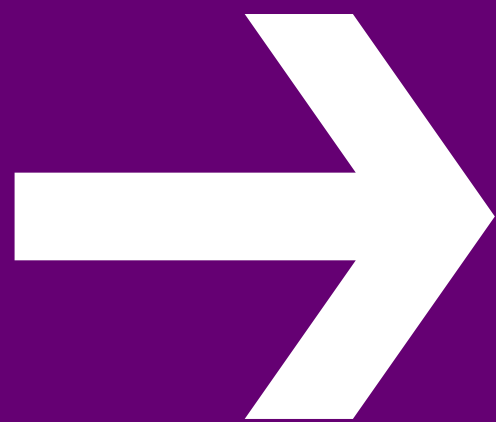
Improving the Authority's intelligence and providing timely information regarding developments in education and training in Wales.

Objective 5

Ensuring an increasingly effective and efficient organisation.



Objective 1: Developing a coherent and integrated framework of high quality qualifications that meets the needs of Wales, improves levels of skill and educational achievement and commands the confidence of the public.



Objective 1

Developing a coherent and integrated qualifications framework and other policy developments

Key target: To ensure the secure delivery of public examinations in Wales in 2003, including monitoring those delivered by the WJEC.

- Following the Tomlinson Inquiry into A level standards in England in 2002, ACCAC reviewed the systems in place in Wales, including the WJEC, to ensure the smooth delivery of examinations and subsequent results for all learners. Having met this target, at the end of the summer in 2003 ACCAC turned its attention to the secure delivery of examinations being taken by learners in 2004 and beyond.
- In June 2003, advice was given to the Minister for Education and Lifelong Learning on the simplification of rules for re-sits and cashing-in AS examinations. The new arrangements were announced in October 2003. This means there is now no limit on

the number of times a student can re-sit an examination. Cashing-in rules for AS examinations remain the same.

Key target: To establish future arrangements for the development and delivery of Key Skills tests.

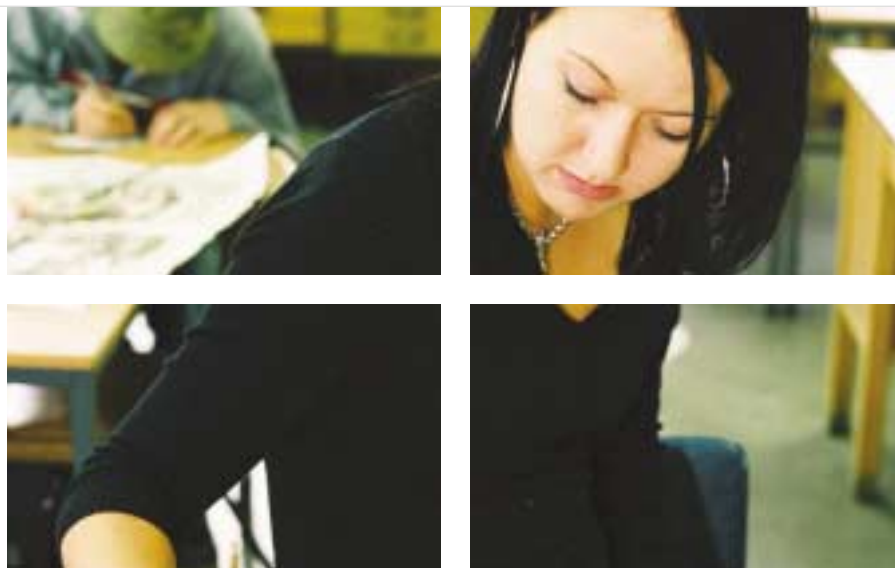
- Following a request from the Minister for Education and Lifelong Learning for advice on the value of the test as part of the Key Skills qualifications, the Minister announced, on the basis of that advice, the withdrawal of the Key Skills tests in Wales from September 2004. This means that, from September 2004 learners will gain their Keys Skills qualification based only on their portfolio. No test will need to be taken. ACCAC has worked closely with awarding bodies to ensure that an effective transition strategy is in place. An independent evaluation of the impact of the new assessment regime will be undertaken.

Key target: To undertake a joint review of vocational qualification provision.

- In December 2002, the Minister for Education and Lifelong Learning provided ACCAC with a supplementary remit to review vocational qualifications. This work is being taken forward on a four-country basis with partners in England (QCA and LSC), Northern Ireland (CCEA), Scotland (SQA) and Wales (National Council-ELWa), as well as the Sector Skills Development Agency. A UK-wide steering group was established to oversee the programme of work which is due to be completed by 2007. Work includes looking at effective communication, improvements to National Occupational Standards, flexible qualifications, reviewing the regulatory systems and funding systems. The purpose is to provide learners with qualifications that are world class and meet the needs of employers and industries.

Key target: To support various initiatives led by partners.

- Throughout the year, ACCAC has worked closely with the National Council-ELWA to take forward the Credit and Qualifications Framework for Wales. Once established, the Framework will reflect the achievement of assessed learning by attributing a level of credit, which can be recognised by learners, learning providers and employers. This flexible approach will enable learners to choose modules from different learning programmes to meet their needs and progress towards further learning, or to access a programme leading to a full qualification.



Objective 1

Ensuring standards to secure public confidence

Key target: To review the arrangements for regulating external qualifications.

- During 2003, the regulatory authorities (ACCAC, CCEA and QCA) continued to review the statutory arrangements for regulating external qualifications. This process included the review of the National Qualifications Framework, the regulatory criteria and common code of practice and the principles and approach to regulation.
- Following the review, the revised National Qualifications Framework now has nine levels instead of six, and no longer has the categories: general, vocational and occupational. The aim is to offer an accessible and transparent framework that promotes progression and parity of esteem. Along with a new look National Qualifications Framework, a new

website has been launched. The website www.openquals.org.uk is an online database providing learners, tutors and employers alike with information on accredited qualifications.

- A review of the regulatory criteria and common code of practice began in October 2002 and was completed in March 2004. As a result of the review, revised criteria have been introduced and began to be implemented in April 2004, with full compliance in September 2004. New principles for regulation were also introduced as part of the review. These arrangements have been published in the revised publication, *The statutory regulation of external qualifications in England, Wales and Northern Ireland 2004*, which was issued in April 2004.

Support for Welsh-medium qualifications

Key target: To take forward an updated strategy for supporting Welsh-medium qualifications.

- The Authority submitted advice on a strategy for providing financial support for Welsh-medium qualifications.

Advising on the statutory approval of qualifications

Key target: To submit advice on the approval of qualifications.

- Under Sections 96 and 97 of the Learning and Skills Act 2000, the Authority advises the Minister for Education and Lifelong Learning on which qualifications are appropriate for use with students under 16, for 16–19-year-olds and for learners aged 19 and over. Subject to the Minister's approval, this information is then made available on the Welsh Assembly Government's website www.learning.wales.gov.uk



Following the review, the revised National Qualifications Framework now has nine levels instead of six, and no longer has the categories: general, vocational and occupational.



Objective 2: Developing a coherent and integrated curriculum and assessment framework for schools, which raises standards of achievement and widens educational opportunity.



Objective 2

Early years provision and the curriculum for 5–19-year-olds

Key target: To complete the initial phase of the review of the National Curriculum for Wales and its assessment arrangements.

- During the past year, the Authority has undertaken a rigorous review of the curriculum and assessment arrangements in Wales. This has involved surveys, monitoring exercises, focus groups, canvassing the views of young people and holding national conferences to debate the future direction of the curriculum and its assessment. The final advice was sent to the Minister for Education and Lifelong Learning in May 2004.

Key target: To develop guidance to assist schools to manage the transition from Key Stage 2 to Key Stage 3.

- ACCAC has developed guidance on using bridging units at Key Stage 2

and Key Stage 3 to support effective transition. The guidance *Bridging the Gap* is now at the publishing stage and will be launched in November 2004. The guidance is part of the *Aiming for Excellence* series to raise standards at Key Stage 3 and has been developed in partnership with the Welsh Assembly Government, the Basic Skills Agency, BBC Wales and Estyn. The guidance is intended to support transition from primary school to secondary school. It also provides examples of good practice of how schools can work together to improve continuity and progression in teaching and learning.

Key target: To support the development of the Key Stage 2 immersion pilot in Welsh.

- In conjunction with the Welsh Assembly Government and other partners, ACCAC has continued to support the development of the Key Stage 2 Welsh immersion pilot.

Key target: To support the implementation of the Welsh Assembly Government's policies for the *Foundation Phase: 3–7* and *Learning Pathways: 14–19*.

- The Authority participated on the Welsh Assembly Government's Early Years Advisory Panel, contributing to the development of the consultation paper *The Learning Country: Foundation Phase: 3–7 years*. ACCAC's formal response to this consultation was submitted in May 2003. In September 2003 the Authority received its supplementary remit to assist in developing a framework for the Foundation Phase. The draft *Framework for Children's Learning* was completed in May 2004. The next phase will be the production of initial guidance on areas of learning over the summer, and the development of the *Framework for Assessment* over the coming year.

- Following the Welsh Assembly Government's consultation on education for 14–19-year olds last year, *The Learning Country: Learning Pathways: 14–19* action plan has been developed. Again, the Authority received a supplementary remit in September 2003 asking it to lead the task and finish group responsible for further developing the Continuum of Learning. This was developed and completed by April 2004.

Key target: To support other Welsh Assembly Government initiatives.

- As a member the Welsh Assembly Government's working group, ACCAC has supported the development of a curriculum planning booklet for global citizenship. The Authority also supports the group which oversees the implementation of a national policy for sustainable development. These two groups will join forces to take forward further initiatives in these areas.



Objective 2

- *Developing the Curriculum Cymreig* guidance was launched by the Minister for Education and Lifelong Learning in September 2003. She welcomed the opportunity to celebrate what is distinctive and different about the curriculum in Wales. The guidance is designed to help teachers implement the Common Requirement for all pupils to develop and apply knowledge and understanding of the characteristics of Wales.
- *Making the Link: Language learning 5–14* guidance was produced in conjunction with Estyn following the launch of the Welsh Assembly Government's National Modern Foreign Languages Strategy in April 2002. The guidance is intended to support the development of pupils' language-learning skills from the beginning of Key Stage 1 through to Key Stage 3 and across languages.
- ACCAC has been working with the BBC to produce two videos and a booklet entitled *Raising standards in*

Information and Communication Technology in Key Stage 3. The project has been supported by Estyn, The Basic Skills Agency and the Welsh Assembly Government and is part of the *Aiming for Excellence* series.

- A further video/booklet package on transition from Key Stage 2 to Key Stage 3 is also in preparation as part of the same series, with a launch intended to coincide with *Bridging the Gap*.

Religious education provision for 5–19-year-olds

Key target: Publish review of SACRE reports by July 2003.

- In Wales every Local Education Authority (LEA) is required to have a Standing Advisory Council on Religious Education (SACRE). Every two years ACCAC publishes a review of the annual reports produced by all the SACREs. In July 2003 the published review covered 2000/01 and 2001/02.

Statutory assessment arrangements

Key target: To ensure the continuing effectiveness of the statutory assessment arrangements.

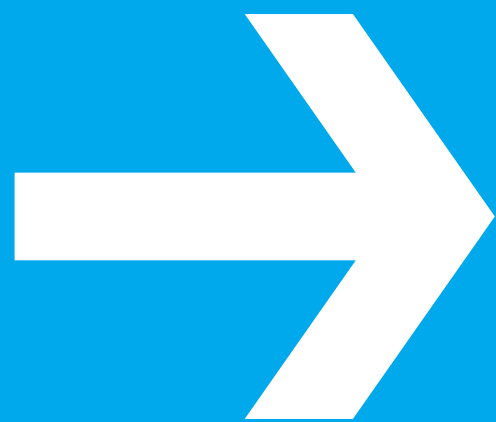
- ACCAC is responsible for the development, production and distribution of statutory assessment tests taken by all pupils in Wales at Key Stage 2 and Key Stage 3. To ensure pupils sit the tests on time, ACCAC must ensure that all test materials are issued by an agreed deadline. In 2003, all tests were issued by the 30 April 2003 deadline.
- Once pupils have sat the test, ACCAC needs to ensure that all completed test papers, known as scripts, are marked and returned before the school holidays. In 2003 all scripts were returned by the 4 July 2003 deadline.
- Information from these tests is compiled and a report, *Implications for teaching and learning*, is then published on pupils' performance and suggested areas of improvement.

Extracts from these reports are available on ACCAC's website, www.accac.org.uk

- *Statutory Assessment and Reporting Arrangements* booklets are produced for teachers, headteachers and assessment coordinators. Information is provided on key dates, details on administrative matters, guidance on end of key stage assessments and advice on how to report pupils' progress. In readiness for the 2004 tests, these booklets were distributed in November 2003.
- In addition to the tests, task materials are prepared for Key Stage 2 and Key Stage 3 Welsh, along with Key Stage 2 English (Level 2) to help teachers assess pupils. The tasks for 2004 were distributed by 30 November 2003.



Objective 3: Commissioning high quality Welsh and bilingual classroom materials to support the teaching of Welsh, other subjects through the medium of Welsh and Wales-specific aspects of the school curriculum.



Objective 3

The 2003/04 commissioning programme

Key target: Publish 88 per cent of the titles scheduled for publication in 2003/04.

- ACCAC met its target of publishing 88 per cent of scheduled titles. In all, 23 projects were completed with 137 titles being published.
- In 2003/04, the following primary school materials were published:

Core subjects

Materials originally developed for Key Stage 1 Welsh tests were published as a series of six reading books by Canolfan Astudiaethau Addysg (CAA). Gomer also published an attractive series of reading books about the care of pets, whilst a successful publication from the late 1990s *Gwaith Iaith* (Francis Balsam Associates) was made digital and interactive as a CD-ROM and on the internet. Gwasg Carreg Gwalch published a popular anthology of

poetry for Key Stage 2, later nominated for a Welsh Books Council award. *The Catch Up* programme published a high-quality CD-ROM specifically for pupils with reading difficulties which received the Basic Skills Agency Award.

The translation of the Rigby Heinemann mathematics scheme was completed with the publication of Year 6 materials, followed by resources for Key Stage 1. The scheme now provides a comprehensive set of Welsh language mathematics materials from Reception to Year 6. Assistance was provided to the Association of Mathematics teachers to produce a primary mathematics CD-ROM in English, Welsh and French.

Three projects produced science materials for Welsh-medium primary schools. Birchfield Interactive produced a Welsh version of their *Our Bodies* CD-ROM, while Dref Wen published Welsh editions of four reading books on *Science Questions*.

Cooperation with the WJEC led to Kingscourt publishing three very large colourful science reading books.

Foundation subjects

The first titles from two major projects in Welsh second language were published this year. The first three (of six) story sacks *Tipyn o Gês* (CAA), were published. The sacks include reading books, games, activities and soft toys.

ACCAC provided assistance to Granada to publish a Welsh language version of their comprehensive *Super Tools* package for information technology. This provides eight basic software packages (word processor, spread sheet, database, painting, presentation, etc.) for Welsh-medium schools.

Birchfield published a bilingual CD-ROM on symbols of Wales and characters from Welsh history.



Cooperation with S4C led to the production of two DVDs based on the award winning film *Dal Yma/Nawr*. The DVDs were nominated for a BAFTA Cymru New Media Award.



Objective 3

The Compass/Cwmpawd series by Francis Balsam Associates (FBA) of eight geography reading books about a family visiting different parts of Wales was completed.

Evans Publishers produced a Welsh language edition of their four popular *Design Challenge* books for Key Stage 2 Design and Technology pupils.

The Religious Education Centre in Bangor published a series of simple reading books on Christian special places and events in Welsh and English.

For personal and social education, *Atebion* (CAA) files and posters, were published. This was a translation of a successful English language pack.

- During 2003/04, the following secondary school materials were published:

Core subjects

Y Lolfa published *Pen Dafad*, a very popular series of eight reading books for Key Stage 3 Welsh language pupils. One of the titles won a Welsh Books Council Award, and the series is being extended. Cooperation with the WJEC led to reprinting 11 novels and dramas which were on WJEC syllabuses, but were out of print. For GCSE and A level pupils, cooperation with S4C led to the production of two DVDs based on the award winning film *Dal Yma/Nawr*. The DVDs were nominated for a BAFTA Cymru New Media Award.

An extension to the popular *Clic* series (CAA) produced 11 further titles for additional educational needs pupils. This project received a Basics Skills Agency Award. For pupils with more severe disabilities, the RNIB project continued to produce Welsh language

braille materials and the project was extended to use new technology to produce digital CD-ROM titles. Another notable event was the Minister for Education and Lifelong Learning launching a dedicated Welsh-medium additional educational needs website for teachers, parents and pupils, www.aaa-drws.co.uk, developed by FBA.

Translation of the Key Stage 3 *Key Maths* materials was completed, and a translation of a text and file published specifically for Entry level pupils was also published (CAA).

Foundation subjects

The first titles from a project to publish Key Stage 3 Welsh second language course materials were published. The Year 7 course text for *Taith Iaith* (CAA) has sold 2,000 copies in the first six months.

A Welsh edition revision book for GCSE IT was published by Dref Wen.

For Key Stage 3, a series of three books (in Welsh and English) on twentieth-century Welsh history was completed. One title from the series, on *The Battle of Mametz Wood*, won a Welsh Books Council Award.

Two pilot issues of a geography magazine for Key Stage 3 pupils G3/D3 (CAA) were published and well reviewed.

A new website, www.wegap.co.uk provides reading and comprehension materials for pupils studying GCSE and A level French in Welsh-medium schools (Gwasg Gap). The intention is to extend the website in future years to include Spanish and German materials.

At AS level, the first religious education materials were published from a very ambitious project to produce original texts (Welsh and English) on five AS level topics. This has been a very challenging project over nearly four years, but is now nearing completion.



Objective 3

Key target: Maintaining the gross sales of commissioned materials at a level of over £500,000 per year.

- Sales figures are collected every six months for completed projects. Figures for the last five years are shown in Figure 2.

The fall in sales figures indicates an increase in the number of free access web-based digital projects now available. In future years, sales figures may become less useful as an indicator.

Key target: To implement the Authority's new commissioning strategy.

- The *Commissioning Welsh and Bilingual Classroom Materials 2003/04–2005/06* Strategy, published in September 2003, provides the basis of ACCAC's commissioning work for the next three years.

The 2004/05 commissioning programme

Key target: To develop the commissioning work to meet the expectations of the Welsh Assembly Government's Action Plan for a Bilingual Wales, *Iaith Pawb*, and the additional resources that will be available for 2004/05.

- In 2003/04 the Minister asked ACCAC to make recommendations for the use of possible additional resources in the commissioning programme as well as for Welsh-medium qualifications in 2004/05. This advice was submitted to the Minister in October 2003.

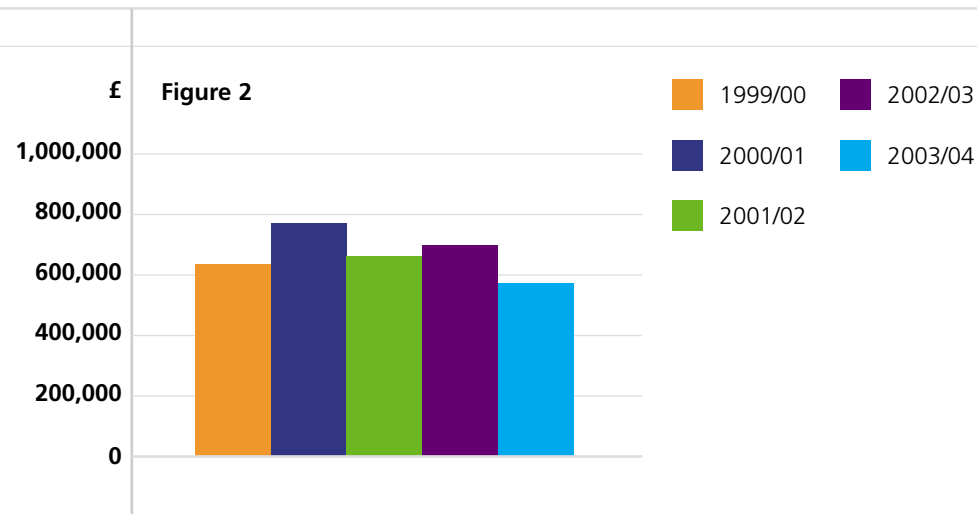
Improving commissioning

Key target: To further develop and consolidate initiatives started in previous years aimed at improving commissioning work and maximising value.

- In June 2003, schools, publishers, trainers, athrawon bro, etc. were invited to identify areas where they felt extra classroom materials were needed. A good response was received, and the ideas were all considered by the 15 Needs Identification Panels convened during the autumn. The priorities identified by these panels formed the basis of ACCAC's commissioning programme for 2004/05.



Schools, publishers, trainers and athrawon bro were invited to identify areas where they felt extra classroom materials were needed. The ideas were considered and priorities formed the basis of ACCAC's commissioning programme.



Objective 4: Improving the Authority's intelligence and providing timely information regarding developments in education and training in Wales.



Objective 4

Intelligence, research and statistics

Key target: To ensure access to statistics spanning the whole of ACCAC's remit, including vocational qualifications.

- *Examining Success in Wales: Qualifications Statistics GCE VCE GCSE GNVQ Entry Level Certificates NVQ 2002* was published in July 2003. It reports on qualifications attained in 2002 by students in Wales compared with similar figures for 2001. After steady improvement in recent years, the statistics show that attainment at Key Stage 4 appears to have levelled off in 2002. For example, the proportion of students gaining five or more A* to C grades at GCSE stayed at 50 per cent. Similarly, those attaining no GCSE grades remained at eight per cent. Moreover, the differences in success rates of boys and girls continue as a cause for concern, as does the persistence of gender-stereotyped subject choices.

- *Examining Success in Wales: Qualifications Statistics post-16 GCE VCE GNVQ 2003* was published and distributed in April 2004. The report shows that 2003 was marked by the consolidation of the Curriculum 2000 reforms post-16. However, the differences in success rates of boys and girls persist, as do the gender-stereotypical subject choices.

Key target: To undertake research in collaboration with European partners.

- As a member of the Consortium of Institutions for Development and Research in Education in Europe (CIDREE), ACCAC has contributed to their research programme again this year. Work has focused on two areas. A report on cross-curricular skills, which is scheduled for publication in September 2004, and a critical analysis of benchmarking for European Community countries. The benchmarking research was included

in CIDREE's 2003 yearbook, published in November 2003. The yearbook examines in depth relevant themes in education. The focus for 2003 was European educational policy.

Information and publicity

Key target: To continue to provide clear and timely information about qualifications, curriculum, assessment and commissioning matters.

- The Authority exhibited at the Education Wales Conference in Cardiff, the Urdd Eisteddfod in Port Talbot, the National Eisteddfod in Meifod and the North Wales Education Exhibition in Llandudno during 2003 and the Basic Skills Agency conference in March 2004.
- ACCAC produces three issues of *Newsletter* a year. Twenty-one thousand copies of each edition are distributed to schools and centres all over Wales. *Newsletter* allows teachers and others to keep abreast of the

latest developments, the Authority to promote its latest guidance and partners to publicise recent work. *Newsletter* is now accompanied by a booklet which advertises the latest materials commissioned by ACCAC.

- ACCAC's Teachers' Association Forum, Awarding Bodies Forum, Higher Education Forum and All Wales Vocational Education Forum have all met on a regular basis. This allows representatives to receive information first hand and the Authority gains valuable feedback.

Key target: Further developing the website.

- On 31 March 2004, the Authority released its new website for consultation. Having considered comments from the consultation the website will be launched in autumn 2004. Users should find the new website more accessible and user-friendly. Meanwhile information can



Objective 4

still be found on the current site at www.accac.org.uk During 2004/05, the new website will be reviewed to ensure it meets the expectations of all learners and providers.

Specific initiative: Continued implementation of the School Improvement Index for schools with the most improved Key Stage 4 examination results.

- In March 2004 five secondary schools learned they had won an award for improvement in their Key Stage 4 examination results. Over the past nine years more than three-quarters of maintained schools have taken part in the School Improvement Index Award Scheme. This year the scheme, run by ACCAC and supported by the HSBC, has attracted 175 schools.
- The purpose of the scheme is to allow a school to measure its improvement on previous results. It does not compare one school against another.

The Index which is based on results for the previous six years measures genuine improvement over time.

- Barry Comprehensive School, Barry received the National Award for the school with most improved Key Stage 4 examination results in 2003. St Joseph's RC High School, Wrexham received the National Award for the second most improved school. Three other regional awards went to: Mid and West Wales – Caereinion High School, Powys; South West Wales – Maesteg Comprehensive School, Bridgend; and South East Wales – Tredegar Comprehensive School, Blaenau Gwent.

Publications issued by the Authority during 2003/04

Corporate materials

ACCAC Annual Report and Accounts for the Year ended 31 March 2003

Newsletter 17: June 2003

Newsletter 18: November 2003

Newsletter 19: March 2004

Commissioning Welsh and bilingual classroom materials 2003/04 – 2005/06

Welsh and bilingual classroom resources Flyer 4: June 2003

Welsh and bilingual classroom resources Flyer 5: November 2003

Welsh and bilingual classroom resources Flyer 6: March 2004

Materials on qualifications

GCSE, GCSE in vocational subjects, GCE, VCE and GNVQ Code of Practice 2003/04

The statutory regulation of external qualifications in England, Wales and Northern Ireland 2004

A level Welsh and Welsh second language Performance Descriptions

Review of SACRE reports 2000/01 and 2001/02

National Curriculum

A Curriculum of Opportunity

Developing the Curriculum Cymreig

Making the Link – Language learning 5-14

Guidance material to support teacher assessment

Key Stage 3 mathematics Optional Assessment Materials

Making Effective Use of Assessment Information video and booklet for secondary schools



Objective 4

Statutory assessment cycle 2004

Key Stage 1 Statutory Assessment and Reporting Arrangements for 2004

Key Stage 2 Statutory Assessment and Reporting Arrangements for 2004

Key Stage 3 Statutory Assessment and Reporting Arrangements for 2004

Key Stage 2 English Tasks 2004*

Key Stage 2 Welsh Tasks 2004*

Key Stage 3 Welsh Tasks 2004*

Key Stage 2 and 3 Tests in Welsh, * English, * science, mathematics

Statutory assessment cycle 2003

Key Stage 2 and 3 external marking leaflets

Assessment for learning leaflet

Key Stage 2 Implications for Teaching and Learning leaflet

Key Stage 3 Implications for Teaching and Learning Welsh leaflet*

Key Stage 3 Implications for Teaching and Learning English leaflet*

Key Stage 3 Implications for Teaching and Learning science leaflet

Key Stage 3 Implications for Teaching and Learning mathematics leaflet

Key Stage 2 Implications for Teaching and Learning – Welsh*

Key Stage 2 Implications for Teaching and Learning – English*

Key Stage 2 Implications for Teaching and Learning – science

Key Stage 2 Implications for Teaching and Learning – mathematics

Key Stage 3 Implications for Teaching and Learning – Welsh *

Key Stage 3 Implications for Teaching and Learning – English *

Key Stage 3 Implications for Teaching and Learning – science

Key Stage 3 Implications for Teaching and Learning – mathematics

Key Skills materials

Key Skills tests (November 2003)

Key Skills tests (January 2004)

Key Skills tests (May 2004)

Research and other materials

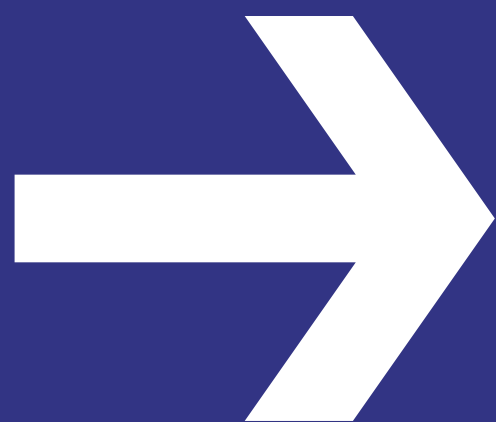
Examining Success in Wales:
Qualifications Statistics GCE VCE GCSE
GNVQ Entry Level Certificates NVQ 2002

Examining Success in Wales:
Qualifications Statistics post-16 GCE
VCE GNVQ 2003

**only available in stated language*



Objective 5: Ensuring an increasingly effective and efficient organisation.



Objective 5

Corporate planning, monitoring and governance

Key target: Maintaining sound strategic and corporate planning arrangements.

- *The Corporate Plan for 2004–2007 and Operational Plan for 2004/05* were approved by the Minister for Education and Lifelong Learning in March 2004. The *Corporate Plan* is now available on the ACCAC website.
- The Accounts for the year ended 31 March 2003 were approved by the Authority in July 2003 and received an unqualified audit report from the National Audit Office. The Annual Report and Accounts were laid before the National Assembly for Wales and distributed in October 2003.

Key target: To maintain sound corporate governance procedures, including the effective management of risk.

- Over the past year, the Authority has made its Risk Management Strategy

fully operational. In doing so, a number of new initiatives have been incorporated into working processes. For example, the quarterly performance reports, which keep both Authority Members and the Welsh Assembly Government up-to-date with progress, now explicitly report on risks. Line managers report on the likelihood and impacts of risk to projects. This means that risk is a regular consideration without becoming a bureaucratic burden. An annual Risk Register has been drawn up in tandem with the Operational Plan.

Key target: To contribute fully to the quinquennial review of the Authority's work and implement the resulting action plan.

- Every five years, the Welsh Assembly Government is required to review the purpose and effectiveness of all ASPBs. In 2003, the Welsh Assembly Government held its review of ACCAC. The Authority participated

fully in the review and the Education and Lifelong Learning and Finance, Local Government and Public Services Ministers received the final report in March 2004. Following consideration of the recommendations by Ministers, the Education and Lifelong Learning Committee and Authority Members, an action plan will be devised and implemented during 2004/05.

Financial control and value for money

Key target: To ensure value for money by way of a continually improving procurement function and effective financial control.

- The Authority has continued to comply with the requirements of the Financial Memorandum and good accounting practice.
- The Authority paid 97.4 per cent of undisputed invoices within 30 days.

Staffing and personnel management

Key target: To implement the Authority's Equal Opportunities Policy Action Plan.

- In March 2003, ACCAC's Executive Committee agreed an Equal Opportunities Action Plan. During 2003/04, progress has been made in a number of areas. Policies have been launched for equal pay, sex, race and disability equality. An ongoing strategy for raising awareness and equality training has been agreed. An equal pay audit has been undertaken. No major problems have been identified although further strategies will be considered to encourage more job applications from ethnic minorities and disabled groups. Job vacancies are advertised in a wider variety of publications including *The Voice*.
- Since July 2002, ACCAC has operated from two offices in Cardiff. A feasibility study of the Castle Buildings office has been undertaken to consider adapting the premises to facilitate access for disabled people. Southgate House is already accessible.



Objective 5

Key target: To gain re-accreditation to the Investors in People standard.

- ACCAC originally gained accreditation to the Investors in People (IiP) standard in October 2000. IiP is a national standard which reflects good practice for training and development of staff. Benefits for staff include increased motivation, improved management and communication and higher morale which lead to continuous improvement. Every three years organisations are reviewed, and in September 2003 ACCAC received its re-accreditation with high praise from the assessor.

Accommodation and central services

Key target: To review accommodation requirements beyond 2005 by December 2003.

- This target has been deferred. The Authority will be providing a business case to the Welsh Assembly Government in June 2004. The business case will take into

consideration the Assembly's policy for relocation of civil service posts outside Cardiff, sustainable development and work/life balance issues.

Key target: To take further steps to promote energy savings and the use of environmentally friendly goods and services.

- In 2002/03 ACCAC, in conjunction with Estyn and the Department for International Development, published *Education for Sustainable Development and Global Citizenship* guidance for schools. Having provided guidance to schools on sustainable development, ACCAC has now turned its attention to ways of further improving its own organisation. During the year, an environmental review was undertaken, covering such areas as energy, transport, waste and pollution. In 2004/05, the aim is to agree an Authority-wide policy and produce an improvement plan. This work will enable ACCAC to gain its Level 1 Green Dragon award. The

Authority is committed to sustainable development and intends to work towards attaining further levels of the award in the future.

Information systems and communications

Key target: To take forward the Authority's IT Strategy, in particular the setting up of an electronic records management system.

- In line with all other government bodies, the Authority must implement an electronic records management system. A scoping project was undertaken during the year. A project plan and team are in place to begin implementation. The project is expected to be completed in 2005/06.

John V Williams
Chief Executive
Accounting Officer
1 July 2004



Having provided guidance to schools on sustainable development, ACCAC has now turned its attention to ways of further improving its own organisation.



Foreword to the accounts for the year ended 31 March 2004

History and statutory background

The Authority was originally established under Section 14 of the Education Reform Act 1988 as the Curriculum Council for Wales. Section 253 of the Education Act 1993 provided for the expansion of the functions of the Council and for it to be re-named Awdurdod Cwricwlwm ac Asesu Cymru/the Curriculum and Assessment Authority for Wales. These changes came into effect on 1 April 1994. The statutory provisions relating to the Authority were consolidated in Sections 360 and 361 and Schedule 30 of the Education Act 1996.

With effect from 1 October 1997, by virtue of the Education Act 1997 (as amended), the Authority was renamed as Awdurdod Cymwysterau, Cwricwlwm ac Asesu Cymru/the Qualifications, Curriculum and Assessment Authority for Wales (the Authority), and was given additional functions in respect of external vocational and academic qualifications. The Authority is an exempt charity by virtue of Schedule 2 of the Charities Act 1993.

On 1 July 1999, the Authority became an Assembly Sponsored Public Body, when responsibility for funding the Authority was transferred from the Welsh Office to the National Assembly for Wales.

The Authority is required to prepare a statement of accounts in respect of each financial year which complies with the directions given by the National Assembly for Wales with the consent of the Treasury. A copy of the Accounts Direction may be obtained by contacting the Authority at its offices at Castle Buildings, Womanby Street, Cardiff, CF10 1SX.

Principal activities

The Authority's purpose is to advance education and training in Wales with a view to promoting quality and coherence. Further details are set out in the Annual Report.

Research and development

During the year, the Authority did not carry out any pure research work under Objective 4 (Research and intelligence; information and publicity). However, various research activities to inform the Authority's work were carried out under other work programmes.

Foreword to the accounts for the year ended 31 March 2004

Authority Members

The Authority's membership comprises a Chairman and Deputy Chairman, and up to thirteen other members, all appointed by the National Assembly for Wales, usually for a three-year period in the first instance. Authority members who served during the year were:

Mr Brian Connolly OBE – Chairman
Mr Owen Rees CB – Deputy Chairman
Mrs Eileen Davies
Mrs Sandra Davies OBE
Mrs Katija Dew
Mrs Jennifer Evans
Mr Roger Evans – retired 31 March 2004
Mr Rob Fowler
Mrs Janet Kingston – appointed 1 October 2003
Mrs Louise Lynn – appointed 1 April 2003
Dr Pauline Peregrine
Dr Bryn Roberts
Mr Nigel Roberts – appointed 1 October 2003
Mrs Sandra Skinner – appointed 1 April 2003
Mrs Linda Wyn – appointed 1 October 2003

Further details are set out in the Annual Report.

A register of Members' interests has been set up. This is available for inspection during normal office hours at the Authority's Castle Buildings offices.

The following served as Members of the Audit Committee during the year – Mr Roger Evans (Chair), Mrs Jennifer Evans, Mr Rob Fowler, Mrs Louise Lynn and Dr Pauline Peregrine.

Results for the year

The Authority made a surplus for the year of £205,000 (year ended 31 March 2003 – surplus of £450,000). This amount has been transferred to reserves. Gross income credited to the income and expenditure account for the year was £12,096,000 (2002/03 – £12,352,000).

At 31 March 2004, there were net assets of £459,000 (31 March 2003 – £310,000), and there was a deficit on the income and expenditure account of £58,000 (31 March 2003 – £263,000).

The nature of the Authority's operations is such that a significant amount of work is undertaken or comes to fruition at or around the financial year end, for example, the printing of statutory tests. In addition, some work is ongoing at the year end which

ultimately leads to a payment being made by the Authority some months after the year end, for example, the provision of financial support for Welsh-medium qualifications. Whilst a large number of payments are made immediately prior to the year end (amounting to in excess of £2,500,000 in March each year), the creditors figure at any year end is invariably high for the reasons set out above. Grant-in-aid funding in order to pay these creditors is drawn down in the subsequent financial year, and therefore the accounts have been prepared on a going concern basis. Government Accounting rules preclude the anticipation of this income in advance.

Significant developments

There were no significant developments during the year.

Fixed assets

Movements in fixed assets during the year are set out in note 7 to the accounts.

Employment policy

The Authority adopts an equal opportunities approach to the recruitment, development and promotion of staff. Full and fair consideration is given to applications for employment from all people, regardless of gender, ethnic background or any disabilities. Employees are kept informed of matters which affect them, by means of written documentation, informal discussions, consultation with the Trade Union and, where appropriate, information meetings.

Payment policy

The Authority is fully committed to the prompt payment of its bills, and supports the CBI's Better Payment Practice Code. The Authority aims to pay all undisputed bills in accordance with agreed contractual conditions or, where no such conditions exist, within 30 days of receipt of goods and services or the presentation of a valid invoice, whichever is the later. The Authority has established procedures to monitor its performance on the prompt payment of bills. During the year, the Authority paid 97 per cent (2002/03 – 98 per cent) of undisputed bills within 30 days.

Auditors

The accounts of the Authority are audited by the Auditor General for Wales in accordance with paragraph 17 of Schedule 5 to the Education Act 1997. The auditors' remuneration for the year for audit work was £14,750 (2002/03 – £14,500). In addition, they received £3,290 inclusive of VAT (2002/03 – £3,231) for other services, being the provision of additional assurance work.

John V Williams

Chief Executive
Accounting Officer
1 July 2004

Statement of the Authority's and Chief Executive's responsibilities

Under paragraph 17 of Schedule 5 to the Education Act 1997, the Authority is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the National Assembly for Wales, with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the Authority's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Authority is required to:

- observe the Accounts Direction issued by the National Assembly for Wales, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the Authority will continue in operation.

The Principal Accounting Officer of the National Assembly for Wales has designated the Chief Executive as the Accounting Officer for the Authority. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the National Assembly for Wales' Accounting Officers' Memorandum, issued by the Treasury.

Statement on internal control

Scope of responsibility

1. As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Authority's policies, aims and objectives, whilst safeguarding the public funds and Authority assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Government Accounting*.
2. The Authority is sponsored by the National Assembly for Wales. This strategic sponsorship role is underpinned by a Management Statement and Financial Memorandum. These define the framework within which the Authority operates, and detail the terms and conditions under which the Assembly provides finance to the Authority in the form of grant in aid. The Assembly's priorities are set out in an annual remit letter from the Minister for Education and Lifelong Learning. I am designated as the Accounting Officer of the Authority by the Permanent Secretary at the Assembly.

The purpose of the system of internal control

3. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Authority for the year ended 31 March 2004 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

4. A Risk Management Strategy is in place. Developed and approved by the Senior Management Team, the strategy has been endorsed by the Audit Committee and reported to the Authority.
5. The agreed strategy has been disseminated to staff at team meetings. In addition to the control processes in place, staff are expected to report significant issues upwards to their line managers, who are responsible for taking appropriate action.
6. Senior Management are responsible for ensuring that lessons learned about risk management are brought to the attention of the appropriate staff.

Statement on internal control

The risk and control framework

7. A high level, Authority-wide Risk Register is in place. This includes the key risks facing the Authority. Responsibility for the management of key risks is allocated to individual managers or collectively to the Senior Management Team.
8. In future, the Risk Register will become an annual Risk Register. It will be drawn up and refined in conjunction with the development of the annual *Operational Plan*.
9. The annual *Operational Plan* is supported by a system of team targets, the layout of which includes columns which rank risks in terms of impact and likelihood. The team targets log all significant areas of work to be undertaken each year. Thus, risk management is embedded in the organisation – with the targets being developed as part of the planning system, monitored and discussed regularly at team meetings, and reported upon on a quarterly basis.
10. The Authority's statutory role and remit is tightly defined. The Authority is keen to be innovative where appropriate, e.g. in providing advice on the National Curriculum, the development of assessment materials, the development of new qualifications (e.g. the Welsh Baccalaureate), and in commissioning Welsh medium and bilingual classroom materials. To do this effectively, inevitably, involves risk. On the other hand, the secure delivery and marking of the national tests and of qualifications are critical areas where risk has to be managed very closely and minimised. Separate Risk Registers are maintained for the development of statutory tests.
11. Divisions and teams submit an executive summary to my Office each quarter, which detail progress against team targets, and summarise significant achievements and risks, together with steps being taken to address those risks.
12. The Risk Register is reviewed quarterly by the Senior Management Team, and updated where necessary to reflect the current position in respect of each risk. Any significant new risks identified are added. The situation is also reviewed on a quarterly basis by the Authority.

Review of effectiveness

13. As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the staff within the Authority who have responsibility for the development and maintenance of the internal control framework, comments made by the external auditors in their management letter and other reports, and by my own knowledge. On this basis, I am satisfied with the current arrangements. They will nevertheless be kept under active review.

14. The annual Risk Register is presented to the Executive Committee, in draft, in March each year, and also to the full Authority meeting in the subsequent April, together with the minutes of the Executive Committee meeting. All Members therefore have an opportunity of raising issues in terms of risks.
15. The executive summaries submitted to my Office each quarter by divisions and teams form the basis for the quarterly performance reports to the Authority and to the Assembly, which report on progress against the *Operational Plan*, and specifically cover risk.
16. The internal auditors review the Authority's corporate governance and risk management processes. Their internal audit reports are presented to the Audit Committee. These include an independent opinion on the adequacy and effectiveness of the Authority's system of internal control, together with recommendations for improvement.
17. The minutes of the Audit Committee meetings are presented to the Authority, accompanied by an oral report by the Chairman of the Audit Committee.
18. As Accounting Officer, I discuss my review of the effectiveness of the Authority's internal control systems, including risk management systems, with the Audit Committee and with the Authority prior to signing off the Annual Report and Accounts in July each year. As part of this review, the annual Risk Register for that year is presented to the Audit Committee.

John V Williams
Chief Executive
Accounting Officer
1 July 2004

Certificate and report of the Auditor General for Wales to the Members of the National Assembly for Wales

I certify that I have audited the financial statements on pages 56 to 70 under the Education Act 1997. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 59 to 60.

Respective responsibilities of the Authority, the Chief Executive and Auditor

As described on page 50, the Authority and Chief Executive are responsible for the preparation of the financial statements in accordance with the Education Act 1997 and National Assembly for Wales directions made thereunder, and for ensuring the regularity of financial transactions. The Authority and Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Education Act 1997 and with directions made by the National Assembly for Wales thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Authority has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 51 to 53 reflects the Authority's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Authority and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Qualifications, Curriculum and Assessment Authority for Wales at 31 March 2004 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Education Act 1997 and directions made thereunder by the National Assembly for Wales; and
- in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

The maintenance and integrity of ACCAC's website is the responsibility of the Accounting Officer; the work carried out by me does not involve consideration of these matters and accordingly I accept no responsibility for any changes that may have occurred since the financial statements were initially presented on the website.

John Bourn

Auditor General for Wales
3-4 Park Place
Cardiff
CF1 3DP

14 July 2004

Income and expenditure account for the year ended 31 March 2004

	Notes	2003/04 £'000	2002/03 £'000
Gross income			
Grant-in-aid	2	11,846	12,075
Release from Government Grant Reserve	12	125	120
Other operating income	3	125	157
		12,096	12,352
Expenditure			
Programme expenditure	4	7,724	8,154
Staff costs	5	3,227	2,879
Administration expenditure	6	816	749
Depreciation	7	123	120
Notional cost of capital		8	(12)
		11,898	11,890
Surplus on operating activities			
		198	462
Loss on disposal of fixed assets		(1)	–
Interest receivable		8	11
Adjustment for notional cost of capital		8	(12)
Surplus for the financial year		213	461
Appropriations			
Amounts surrenderable to the National Assembly for Wales	8	(8)	(11)
Surplus on grant-in-aid activities for the financial year		205	450
Statement of retained deficit			
Retained deficit brought forward		(263)	(713)
Surplus for the year		205	450
Retained deficit carried forward		(58)	(263)

All of the above figures derive from continuing activities.

Statement of total recognised gains and losses for the year ended 31 March 2004

Surplus for the year		205	450
Movement in Government Grant Reserve	13	(56)	188
Total recognised gains and losses relating to the year		149	638

The notes on pages 59 to 70 form part of these accounts.

Balance sheet as at 31 March 2004

	Notes	31 March 2004 £'000	31 March 2003 £'000
Fixed assets			
Tangible assets	7	517	573
Current assets			
Stocks	9	18	44
Debtors	10	148	168
Cash in bank and in hand	16b	223	187
		389	399
Creditors			
Amounts falling due within one year	11	(447)	(662)
Net current liabilities		(58)	(263)
Total assets less current liabilities		459	310
Financed by:			
Capital and reserves			
Government grant reserve	12	517	573
Income and expenditure account		(58)	(263)
Total Government funds	13	459	310

The notes on pages 59 to 70 form part of these accounts.

John V Williams
Chief Executive
Accounting Officer
1 July 2004

Cash flow statement

for the year ended 31 March 2004

	Notes	2003/04 £'000	2002/03 £'000
Net cash inflow from operating activities	16a	41	71
Returns on investments and servicing of finance			
Interest received		8	10
Appropriations			
Amounts paid to the National Assembly for Wales		(10)	(8)
Investing activities			
Payments to acquire tangible fixed assets		(73)	(387)
Receipts from the sale of tangible fixed assets		1	–
Financing			
Capital grants received	16c	69	308
Increase/(decrease) in cash	16b	36	(6)

The notes on pages 59 to 70 form part of these accounts.

Notes to the accounts

for the year ended 31 March 2004

1. Accounting policies

1.1 Accounting convention

The accounts are prepared under the modified historic cost convention. Without limiting the information given, they meet the accounting and disclosure requirements of the Companies Act 1985 and Accounting Standards issued or adopted by the Accounting Standards Board, so far as those requirements are appropriate. The accounts comply with the Accounts Direction issued by the National Assembly for Wales, but are not required to comply with the Charities Statement of Recommended Practice (SORP).

These accounts have been prepared on a going concern basis. As referred to in the *Foreword to the Accounts* on page 48, the nature of the Authority's operations is such that the creditors figure at any year end is invariably high. Grant-in-aid funding in order to pay the creditors is drawn down in the subsequent financial year, and therefore the accounts have been prepared on a going concern basis. Government Accounting rules preclude the anticipation of this income in advance, which therefore results in a deficit balance on the cumulative income and expenditure account at the year end.

1.2 Fixed assets

Expenditure is capitalised where the asset purchased is expected to have a useful life extending over a number of years and the cost of items exceeds £500. Fixed assets are shown at cost less an allowance for depreciation (see note 1.3 below). In the opinion of the Authority, there is no material difference between the historic net book value of the assets, and their current replacement cost less depreciation.

1.3 Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less any estimated residual values of each asset, evenly over their expected useful lives as follows:

- Leasehold improvements – over the remaining period of the lease
- Licence improvements – over the initial period of the licence (see note below)
- Fixtures and fittings – over 10 years, or the remaining period of the lease, whichever is the shorter
- Office equipment – over six years
- Computer equipment – over three years.

Assets are depreciated from the month in which they are first brought into use.

The Authority has entered into a licence agreement for the shared occupation of an area within the building where its main offices are located but leased by another tenant (see note 15). Improvements to the area the subject of the licence agreement are being depreciated by equal instalments over the initial period of the licence, which expires on 24 June 2005.

Notes to the accounts

for the year ended 31 March 2004

1.4 Other operating income

Other operating income is credited to income in the year to which it relates.

1.5 Government grants

Grants received from the National Assembly for Wales by way of grant-in-aid for operating purposes are credited to income in the year to which they relate. Grants received for capital expenditure are credited to the government grant reserve, and relevant transfers are made to the income and expenditure account as the capital assets are utilised.

1.6 Stock

The stock of publications is valued at the lower of cost and net realisable value. In the opinion of the Authority, there is no material difference between the historic cost and the current replacement cost of the stock.

1.7 Pension costs

Past and present employees are covered by the provisions of the Civil Service Pension (CSP) arrangements. The Authority recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the CSP arrangements of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the CSP arrangements.

The Chairman and former Chairman of the Authority have pension arrangements analogous to those of the Civil Service Pension arrangements. These pension payments are paid by the Authority, and are charged to the income and expenditure account as incurred (see note 5).

1.8 Value Added Tax (VAT)

All expenditure and fixed asset purchases in the accounts is stated inclusive of any irrecoverable VAT.

1.9 Cost of capital

As directed by the National Assembly for Wales, a notional capital charge reflecting the cost of capital employed is included in operating costs and calculated at 3.5 per cent (year ended 31 March 2003 – six per cent) of capital employed.

1.10 Research and development

Expenditure on research and development is charged to the income and expenditure account as incurred.

2. Grant-in-aid

	2003/04 £'000	2002/03 £'000
Amount receivable from the National Assembly for Wales	11,915	12,383
Amount provided for purchase of fixed assets	(69)	(308)
Grant-in-aid credited to the income and expenditure account	11,846	12,075

3. Other operating income

	2003/04 £'000	2002/03 £'000
Sales of publications	37	36
Royalty income	26	38
Miscellaneous	62	83
	125	157

4. Programme expenditure

	2003/04 £'000	2002/03 £'000
Objective		
1 - Developing a coherent Qualifications Framework	1,401	1,661
2 - Developing a coherent and integrated curriculum and assessment framework for schools	4,740	4,764
3 - Commissioning of classroom materials	1,306	1,500
4 - Research and intelligence; information and publicity	277	229
	7,724	8,154

5. Staff costs

	2003/04 £'000	2002/03 £'000
Authority staff:		
Salaries and wages	2,576	2,333
Social security costs	204	166
Other pension costs	375	332
	3,155	2,831
Casual staff costs	72	48
	3,227	2,879

Notes to the accounts

for the year ended 31 March 2004

5. Staff costs continued

	2003/04 Number	2002/03 Number
Staff numbers		
The average monthly number of employees during the year was:		
Management	5	5
Professional and technical	31	31
Support	56	54
	92	90

The salary, pension entitlements and the value of any taxable benefits in kind of the Chairman, Deputy Chairman and the senior staff of the Authority were as follows:

Name	Salary, including performance pay (£k) (nearest £100)	Benefits in kind (£k)	Real increase in pension and related lump sum at age 60 (£k)	Total accrued pension at age 60 at 31/3/04 and related lump sum (£k)	Cash equivalent transfer value (CETV) at 31/3/03 (nearest £k)	CETV at 31/3/04 (nearest £k)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £k)
Brian Connolly <i>Chairman</i>	27	–	0–2.5 plus 0–2.5 lump sum	0–5 plus 5–10 lump sum	26	32	5
Owen Rees <i>Deputy Chairman</i>	7	–	non pensionable	non pensionable	non pensionable	non pensionable	non pensionable
John V Williams <i>Chief Executive</i>	71	–	0–2.5 plus 0–2.5 lump sum	25–30 plus 80–85 lump sum	424	452	10
Linda Badham			Disclosure withheld				
Huw Davies			Disclosure withheld				
Ann Evans			Disclosure withheld				
David Watcyn Jones			Disclosure withheld				
Roger Palmer			Disclosure withheld				

Mr Connolly is entitled to draw his pension on completion of his term of office with the Authority (see also further note below).

5. Staff costs continued

Salary

'Salary' includes gross salary; performance pay or bonuses (Chief Executive only); any overtime; recruitment and retention allowances; and any other allowance to the extent that it is subject to UK taxation.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

Authority Members

The Chairman is contracted to work two days per week and the Deputy Chairman for two days per month. The other Authority Members did not receive any emoluments.

The Chairman has a pension arrangement analogous to that of the Civil Service Pension arrangements. The pension payments will be paid by the Authority, from the date of his retirement, out of grant-in-aid funding provided by the National Assembly for Wales. It is not possible to establish with any certainty the total amount of pension payable in the future. Accordingly, the pension payments will be charged to the income and expenditure account as incurred.

All Members are appointed for fixed terms, which are usually for three years in the first instance. The Chairman's current term of office is due to expire on 30 September 2004.

Chief Executive's remuneration

	2003/04 £'000	2002/03 £'000
Salary	66	64
Performance bonus	5	6
	71	70

The Chief Executive is entitled, under a scheme set up with effect from 1 April 1997, to a performance bonus of up to a maximum of 13 per cent of his salary. An element of this, as determined by the National Assembly for Wales, is consolidated, with the balance being paid as a non-consolidated, non-pensionable bonus. The amount actually payable is dependent upon the achievement of certain targets, and the level of overall performance.

The performance bonus of £4,757 for 2003/04 is the bonus payable in respect of the year ended 31 March 2004.

Notes to the accounts

for the year ended 31 March 2004

5. Staff costs continued

Pension

Pension benefits are provided through the Civil Service Pension (CSP) arrangements. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, but the Authority is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2003/04, employers' contributions of £375,000 were payable to the PCSPS (2002/03 £332,000) at one of four rates in the range 12–18.5 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. Rates will remain the same next year, subject to revalorisation of the salary bands, but will increase from 2005/06. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of three per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement). No contributions were made to the partnership pension account during the year (2002/03 – nil).

The penultimate two columns of the table on page 62 show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. The final column reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

6. Administration expenditure

	2003/04 £'000	2002/03 £'000
Members' travel subsistence and hospitality	9	7
Other Authority related costs	11	11
Accommodation	301	262
Employees' travel and subsistence	154	145
Office costs	166	198
Recruitment and training of staff	104	58
Professional fees	47	44
Auditors' remuneration – audit work	15	15
– additional assurance	3	3
Other	6	6
	816	749

Notes to the accounts

for the year ended 31 March 2004

7. Tangible assets

	Leasehold and licence improvements £'000	Fixtures and fittings £'000	Office equipment £'000	Computer equipment £'000	Total £'000
Cost or valuation					
At 1 April 2003	469	89	241	356	1,155
Additions	2	–	6	61	69
Disposals	–	–	(6)	(22)	(28)
At 31 March 2004	471	89	241	395	1,196
Depreciation:					
At 1 April 2003	158	31	102	291	582
Charge for year	37	8	31	47	123
Disposals	–	–	(6)	(20)	(26)
At 31 March 2004	195	39	127	318	679
Net book value:					
At 31 March 2004	276	50	114	77	517
At 1 April 2003	311	58	139	65	573

8. Amounts surrenderable to the National Assembly for Wales

The Authority is required to surrender interest received to the National Assembly for Wales. The amount payable was:

	2003/04 £'000	2002/03 £'000
Amounts surrenderable to the National Assembly for Wales	8	11

9. Stocks

	31 March 2004 £'000	31 March 2003 £'000
Stock of saleable publications	18	44

The historical cost of the stock was £284,000 (2003 – £223,000). This amount relates to the stock of publications built up over a period of some twelve years. The amount included in the balance sheet of £18,000 (2003 - £44,000) represents the estimated net realisable value of the stock.

10. Debtors and prepayments

	31 March 2004 £'000	31 March 2003 £'000
Amounts falling due within one year:		
Other debtors	40	48
Prepayments	108	117
	148	165
Amounts falling due after more than one year:		
Prepayments	–	3
	148	168

11. Creditors: Amounts falling due within one year

	31 March 2004 £'000	31 March 2003 £'000
Other creditors and accruals	447	662

12. Government Grant Reserve

	2003/04 £'000	2002/03 £'000
At 1 April	573	385
Capital grant-in-aid received during the year	69	308
Released to the income and expenditure account during the year	(125)	(120)
At 31 March	517	573

Notes to the accounts

for the year ended 31 March 2004

13. Reconciliation of movement in Government funds

	2003/04 £'000	2002/03 £'000
Retained surplus for the year	205	450
Movement in Government Grant Reserve	(56)	188
Increase in Government funds for the year	149	638
Government funds at 1 April	310	(328)
Government funds at 31 March	459	310

14. Capital commitments

	31 March 2004 £'000	31 March 2003 £'000
Contracted	–	–

15. Operating leases

	2003/04 £'000	2002/03 £'000
(a) Amounts charged to the income and expenditure account for operating lease payments	286	247

	31 March 2004		31 March 2003	
	Buildings (leases and licence) £'000	Other (cars) £'000	Buildings (leases and licence) £'000	Other (cars) £'000
(b) Annual commitment on leases expiring:				
Within one year	–	15	–	5
Within two to five years	–	4	–	14
After more than five years	271	–	265	–
	271	19	265	19

16. Notes to the cash flow statement

a) Reconciliation of operating surplus to net cash flow from operating activities:

	2003/04 £'000	2002/03 £'000
Surplus on operating activities	198	462
Depreciation charge	123	120
Notional cost of capital charge	8	(12)
Release from government reserve	(125)	(120)
Decrease in stock	26	–
Decrease/(increase) in operating debtors	20	(64)
(Decrease) in operating creditors	(209)	(315)
Net cash inflow from operating activities	41	71

b) Analysis of changes in cash during the year:

	2003/04 £'000	2002/03 £'000
Balance at 1 April	187	193
Cash inflow/(outflow)	36	(6)
Balance at 31 March	223	187

c) Analysis of changes in financing during the year:

	2003/04 £'000	2002/03 £'000
Government Grant Reserve:		
At 1 April	573	385
Cash inflow from financing	69	308
Transfer to income and expenditure account	(125)	(120)
At 31 March	517	573

Notes to the accounts

for the year ended 31 March 2004

17. Financial Reporting Standard Number 13: derivatives and other financial instruments

The Authority has no borrowings and relies primarily on National Assembly for Wales grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate or currency risk.

18. Related party transactions

The National Assembly for Wales is regarded as a related party.

During the year, the Authority entered into certain transactions with third parties in conjunction with the Qualifications and Curriculum Authority, who are sponsored by the Department for Education and Skills.

19. Contingent liability

The contingent liability which appeared in the accounts for the last three years, relating to a claim following termination of contract, has now been settled. The amount of the settlement was broadly in line with the estimated amount which had been included in creditors in earlier years. The amount involved was paid in March 2004.