

AWDURDOD
CYMWYSTERAU,
CWRICWLWM AC ASESU
CYMRU

QUALIFICATIONS,
CURRICULUM &
ASSESSMENT AUTHORITY
FOR WALES

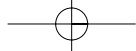
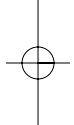


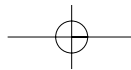
Annual Report and Accounts 2002/2003

Advancing Education and Training:
Promoting Quality and Coherence



Heidi gyt
Llywodraeth Cymuned Cymru
Sponsored by
Welsh Assembly Government





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

Our Ref: 01-11-009

Your Ref:

September 2003

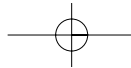
Dear First Minister

I have great pleasure in presenting you with the Annual Report and Accounts of Awdurdod Cymwysterau, Cwricwlwm ac Asesu Cymru/ the Qualifications, Curriculum and Assessment Authority for Wales (ACCAC) for the year ended 31 March 2003.

The Report reviews the Authority's activities and achievements for the period 1 April 2002 to 31 March 2003 together with its financial stewardship.

Yours Sincerely
Brian Connolly

Brian Connolly
Chairman



ACCAC	Awdurdod Cymwysterau, Cwricwlwm ac Asesu Cymru/the Qualifications, Curriculum and Assessment Authority for Wales
AS/A	Advanced Subsidiary/Advanced
CAA	Y Ganolfan Astudiaethau Addysg (Publishers)
CEG	Careers Education Guidance
CCEA	Council for the Curriculum Examinations and Assessment (Northern Ireland)
CIDREE	The Consortium of Institutions for Development and Research in Education in Europe
DfES	Department for Education and Skills (UK Government)
DfTE	Department for Training and Education (Welsh Assembly Government)
National Council-ELWa	National Council for Education and Training for Wales
FBA	Francis Balsam Associates (Publishers)
GCE	General Certificate of Education
GCSE	General Certificate of Secondary Education
GNVQ	General National Vocational Qualification
IBO	International Baccalaureate Organisation
ICT	Information and Communications Technology
IT	Information Technology
LNTO	Languages National Training Organisation
MEUOAI	Making Effective Use of Assessment Information
NGfL Cymru	National Grid for Learning Cymru
NOF	National Qualifications Framework
NVO	National Vocational Qualification
OAMs	Optional Assessment Materials
PE	Physical Education
PSE	Personal and Social Education
QCA	Qualifications and Curriculum Authority (England)
SACRE	Standing Advisory Council on Religious Education
SEN	Special Educational Needs
SSC	Sector Skills Council
SSDA	Sector Skills Development Agency
UWIC	University of Wales Institute, Cardiff
VCE	Vocational Certificate of Education
WASACRE	Welsh Association of Standing Advisory Councils on Religious Education
VQ	Vocational Qualification
WJEC	Welsh Joint Education Committee (Awarding Body)
WRE	Work Related Education





ACCAC is responsible in Wales for:

- advising on policy developments and ensuring quality and standards in external general and vocational 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 (and carrying these out, if requested)
- 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'.



This Report reviews the Authority's activities and achievements for the period 1 April 2002 to 31 March 2003 together with its financial stewardship.

The Qualifications, Curriculum and Assessment Authority for Wales/Awdurdod Cymwysterau, Cwricwlwm ac Asesu Cymru (ACCAC) has succeeded in achieving the vast majority of its targets for 2002/03. 2002/03 has been a very busy year for the Authority. During the year, the Authority has had to meet the additional challenges presented by the Tomlinson Inquiry into A level standards, the remit for the Review of Vocational Qualifications and the development of the Foundation Phase, Learning Pathways: 14–19 and Iaith Pawb initiatives, all of which were time consuming. Nevertheless, with the continued dedication of the Authority's staff, the majority of targets, as set out in the Operational Plan, have been met. Achievements for the year include those listed below.

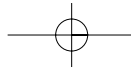
- The continuing development of the National Qualifications Framework (NQF) including developments with the Welsh Baccalaureate and Welsh-medium Key Skills.
- The completion of a programme to monitor the curriculum and its assessment arrangements. ACCAC officers sent out questionnaires to a sample of schools and other stakeholders and held a series of conferences to monitor the implementation of the Subject Orders and their assessment arrangements. An independent agency was also appointed and undertook a survey of the curriculum and assessment arrangements in Wales.
- Following the Minister's decision to end statutory testing at Key Stage 1 last year ACCAC developed and published materials providing support for teacher assessment in English, Welsh and mathematics. A conference was held in February 2003 to launch the teacher assessment materials prior to their distribution. The English and Welsh material was distributed in March and the mathematics will be distributed in June 2003.
- Following advice provided by ACCAC in May 2002 the Minister announced in October 2002 that Personal and Social Education (PSE) would be statutory for pupils aged 5–16 from September 2003. Work Related Education (WRE) would be statutory for pupils aged 14–16 from September 2004.
- Guidance on improving standards at Key Stage 3 in literacy and numeracy was launched at a conference in March 2003. The materials, four videos and an accompanying booklet, were produced jointly with DFTE, Estyn and the BBC.
- Participating in the Group of Experts, established by the Welsh Language Board to steer the Key Stage 2 Welsh immersion pilot.



- ACCAC officers have been actively involved in a number of Welsh Assembly Government initiatives including advisory groups developing both the Foundation Phase: 3–7 years and Learning Pathways: 14–19 consultations.
- The Welsh Assembly Government has responded to the initial report on the Transition Strategy for the management of Key Skills.
- A joint report considering the revision of Key Skills standards will be provided to the Welsh Assembly Government and DFES during 2003/2004.
- During the year, ACCAC has worked closely with the National Council-ELWa, in taking forward the Qualifications and Credit Framework for Wales.
- Owing to increased staff numbers, some staff moved into ACCAC's second office at Southgate House, Cardiff in July 2002.

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





Mr Brian Connolly OBE
Chairman

Authority Members who served during the financial year 2002 were:

Mr Brian Connolly OBE, Chairman, a Director of the Sector Skills Development Agency

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

Mr Alan Boxford OBE, Headteacher, Llanishen High School, Cardiff – retired 31 March 2003

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

Mrs Sandra Davies OBE, Headteacher, Ogmere Comprehensive School

Mrs Katija Dew, Training Specialist and Youth Worker, Wales Co-operative Centre Ltd

Mr Roger Evans, formerly Personnel Director of ASW Holdings plc

Mrs Jennifer Evans, Coordinator, Torfaen Community Consortium for Education and Training

Mr Robert Fowler, Assistant Principal and Director of Curriculum, Neath Port Talbot College

Mr Emlyn R Jones OBE, formerly Principal, Yale College, Wrexham – retired 31 March 2003

Mr Christopher Kipling, Training Manager, Sony Manufacturing Co. UK, Bridgend – retired 31 March 2003

Mr Stuart Mathias, Director of Learning Services, Coleg Sir Gâr, Carmarthenshire – retired 31 March 2003

Mrs Susan Parsons OBE, Headteacher, Llanidloes Primary School, Powys – retired 31 March 2003

Dr Pauline Peregrine, Senior Lecturer, University of Glamorgan Business School

Dr Bryn Roberts, Managing Director, Vertex International Network Ltd

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.

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 sub-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, the Annual Report and Accounts and



Standing Orders. Advice provided to the Minister for Education and Lifelong Learning included making PSE and WRE statutory elements of the curriculum. The Authority agreed the response to the Welsh Assembly Government's Learning Pathways: 14–19 consultation. The Authority also adopted a new performance appraisal scheme for Members.

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

- **Audit Committee**

Membership: Mr Alan Boxford (Chair); Mrs Jennifer Evans; Mr Roger Evans; Mr Chris Kipling; Mrs Susan Parsons; Dr Pauline Peregrine.

During the year the Audit Committee met twice.

All internal and external audit, value-for-money issues are dealt with by the Audit Committee. During the year the Audit Committee recommended the Annual Report and Accounts for year ended 31 March 2002 for approval by the full Authority; agreed the proposed internal audit plan for 2002/03 – 2003/04; and endorsed the Statement of Internal Control. The Committee also received a number of internal audit reports along with the National Audit Office's Management letter.

- **Commissioning Committee**

Membership: Mr Owen Rees (Chair); Mr Brian Connolly; Mrs Eileen Davies; Mrs Sandra Davies; Mr Robert Fowler; Mr Stuart Mathias.

During the year the Commissioning Committee met three times.

All commissioning of Welsh and bilingual classroom materials is dealt with by this Committee. Over the course of the year the Committee approved the Authority's new commissioning strategy for 2003/04 – 2005/06; the contract allocation for the year; and the commissioning programme for 2003.

- **Executive Committee**

Membership: Mr Brian Connolly (Chair); Mrs Sandra Davies; Mrs Katija Dew; Mr Emlyn R Jones; Mr Owen Rees; Dr Bryn Roberts.

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. Within the previous twelve months the Executive Committee has recommended for approval by the full Authority the Corporate Plan for 2003/04–2005/06, the Annual Report for the year ended 31 March 2002, the Operational Plan for 2003/04 and the Equal Opportunities Action Plan.

▪ **Qualifications Committee**

Membership: Mr Emlyn R Jones (Chair); Mr Alan Boxford; Mrs Eileen Davies; Mrs Katija Dew; Mrs Jennifer Evans; Mr Roger Evans; Mr Robert Fowler; Mr Chris Kipling; Mr Stuart Mathias; Dr Pauline Peregrine; Mr Owen Rees.

During the year the Qualifications Committee met twice.

The Qualifications Committee deals with all matters relating to external general and vocational qualifications. During the year the Committee discussed advice on re-sits, cashing-in and rationalisation of statistical data. 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. The Committee also received reports on the work emerging from the Tomlinson Inquiry into A level standards.

▪ **Remuneration Committee**

Membership: Mr Brian Connolly (Chair); Mrs Sandra Davies; Mr Emlyn R Jones; Mr Owen Rees.

During the year the Remuneration Committee met three times.

This Committee deals with the Chief Executive's regular performance appraisal.

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 & Lifelong Learning
Ann Evans
- Curriculum and Assessment 5–14
David Watcyn Jones
- Central Services and Commissioning
Huw Davies

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



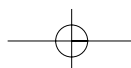
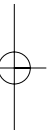
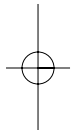
Welsh language policy

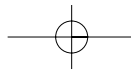
The Authority's policy is to treat Welsh and English on the basis of equality in all its dealings with the public.

The Authority is a 'public body' for the purposes of the Welsh Language Act and has developed a Welsh Language Scheme.

Standards of service

The Authority has published a *Statement of Standards of Service* that sets out what can be expected by all those dealing with the Authority.



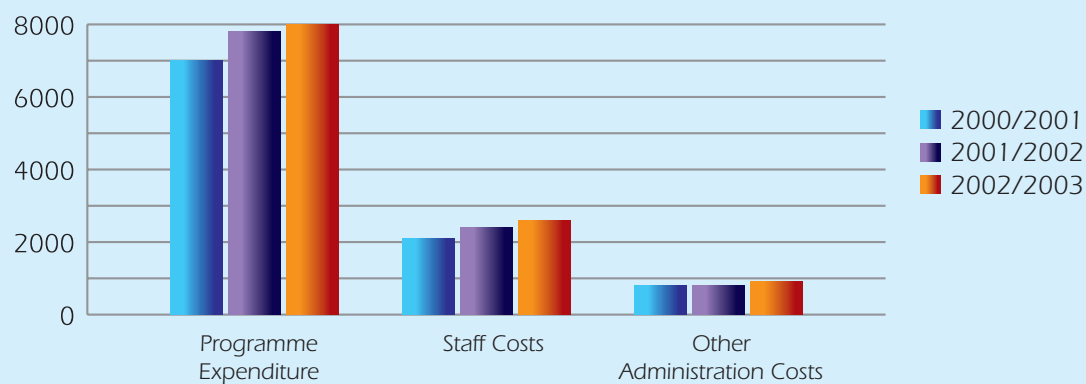


The bulk of the Authority's total expenditure relates to programme activities, as shown below:

	£'000	
Programme expenditure	8,154	69%
Staff costs	2,879	24%
Other administration costs	869	7%

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

Figure 1



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

	£'000	
Objective 1 – The Qualifications Framework	1,661	20%
Objective 2 – The School Curriculum and its assessment	4,764	58%
Objective 3 – Commissioning of classroom materials	1,500	19%
Objective 4 – Research, information and publicity	229	3%

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



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



Developing a coherent Qualifications Framework, which meets the needs of Wales and improves levels of skill and educational achievement.

OBJECTIVE



Developing a coherent and integrated curriculum for 5–19 year olds, together with assessment arrangements at 5, 7, 11 and 14 which raises standards of achievement and widens educational opportunity.

OBJECTIVE



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

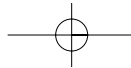


Improving the Authority's intelligence and providing timely information regarding developments in education and training in Wales.

OBJECTIVE



Ensuring an increasingly effective and efficient organisation.



Developing a coherent Qualifications Framework, which meets the needs of Wales and improves levels of skill and educational achievement.

OBJECTIVE

1

Although not a target envisaged for 2002–2003, implementing the outcomes of the Tomlinson Inquiry into A level standards has been a high priority for the Authority this year. Work emerging from this Inquiry has been taken forward on a three-country basis in conjunction with England (QCA) and Northern Ireland (CCEA). Outcomes have included:

- revising the Code of Practice
- developing performance descriptions and exemplification materials for AS/A levels
- monitoring and reporting on the January examination series
- working with awarding bodies, and in particular the WJEC, to analyse risk and safeguard the 2003 examinations
- developing advice on re-sits and cashing-in for AS/A levels
- representing Wales' interests on various operational and strategic groups.

Reports were provided to the Authority and Qualifications Committee meetings in January and February respectively, and close liaison has been maintained with officials at the Welsh Assembly Government.

The Inquiry has had a knock-on effect on a number of other areas of the Authority's work including further developments following the

Curriculum 2000 Review, Maths AS/A resubmissions, revised specifications for VCEs and the analysis of statistical data for the summer 2002 results.

Another high priority not envisaged for 2002–2003 was the remit to review the vocational qualifications system. This work is being taken forward on a four country basis with partners in England (QCA and LSC), Scotland (SQA), Northern Ireland (CCEA) and Wales (National Council-ELWa) as well as the Sector Skills Development Agency. Key outcomes so far have been:

- the development of a vision for vocational qualifications
- the development of a staged work plan for the next four to seven years to achieve this vision.

Key target:

To continue to develop the National Qualifications Framework (NQF) in particular the work flowing from the Review of Curriculum 2000 and Key Skills.

- The third Annual Rationalisation of Qualifications Report was sent to the Minister in January 2003. The report is overseen by the Joint Rationalisation Action Group for England, Wales and Northern Ireland. Key achievements during this phase of work have been the recognition of 106 awarding bodies to offer qualifications in the NQF.



Access for all

ACCAC is working actively towards Equal Opportunity. All learners should be able to have their capabilities and attainment recognised through national assessment and qualifications. This year ACCAC hosted a conference on *Access to Assessment and Qualifications* which launched newly developed special arrangements covering entry level and key skills qualifications. Such arrangements must be fit for purpose, so that those requiring this support to demonstrate their achievement can still be confident that their test or qualification has the same value as anyone else's.



Over 5200 proposals were submitted, of which, over 3500 qualifications were accredited and the remaining either withdrawn or subsumed into other qualifications.

- A comprehensive review of the NOF and the regulatory arrangements and accreditation process began in autumn 2002. Following a major consultation exercise in November 2002, preliminary analysis has shown support for the alignment of the NOF with other UK, European and international frameworks, together with a more streamlined accreditation process and the need for clearer and consistent regulatory documents. The work is due for completion in autumn 2003. An interim report on reviewing the current arrangements for regulating external qualifications was sent to the Welsh Assembly Government in February 2003.
- In conjunction with OCA and CCEA, ACCAC has continued with the review of Key Skills, on which a report is due in September 2003. Wales has continued to deliver Welsh medium Key Skills test opportunities to awarding bodies.
- ACCAC worked with OCA to implement GCSEs in Vocational Subjects for first teaching in September 2002. Arrangements for GCSE in Applied Science were also agreed with the Welsh Assembly Government.

Key target:

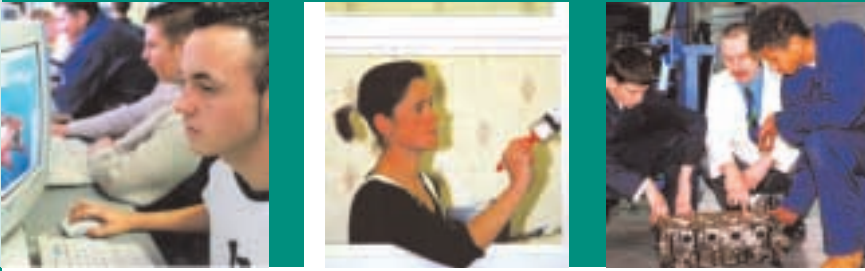
To continue to contribute to the Welsh Baccalaureate Project.

- The Welsh Baccalaureate qualification was accredited with conditions in July 2002. All conditions for 2002 were met and the qualification was signed off by the Senior Staff Accreditation Group in January 2003. ACCAC continues to monitor the pilot and is a member of the Steering Group.

Key target:

To support the Welsh Assembly Government's development of policy.

- The Authority contributed to both the development of the consultation Learning Pathways: 14–19 and the subsequent Action Plan. ACCAC's own formal response to this consultation was provided in February 2003.
- The Welsh Assembly Government has responded to ACCAC, OCA & CCEA's initial report on the Transition Strategy for the management of Key Skills.
- A joint report considering the revision of Key Skills standards will be provided to the Welsh Assembly Government and DfES during 2003/04.
- During the year, ACCAC has worked closely with the National Council-ELWa, taking forward the Qualifications and Credit Framework for Wales.



Key target:

To ensure standards.

- A total of 258 qualifications have been recognised as Technical Certificates by the regulatory authorities. These are now being implemented as part of the revised Modern Apprenticeship frameworks.
- Following the review of the management of National Occupational Standards a strategic Board has been established, chaired by an employer with representation from the Sector Skills Development Agency (SSDA).
- The Minister accepted ACCAC's advice to delay first teaching of the revised Vocational Certificate of Education (VCE) until September 2005.
- Accreditation of the Welsh Second Language AS VCE has been placed on hold pending developments in the Tomlinson Inquiry.
- The Using Welsh qualifications at Entry Level and Levels 1–3 were accredited with conditions in May and June 2002; the Entry Level and Level 1 qualifications have limited accreditation for piloting in 2003/04.
- A consultation on revised criteria for AS/A mathematics was completed in October 2002 and the revised criteria finalised in November 2002. Awarding bodies submitted revised AS/A mathematics specifications in March 2003.
- ACCAC has continued to work with the Languages National Training Organisation (LNTO) providing advice relating to piloting draft standards for translingual competence. The LNTO has since produced revised standards.
- Working with the Welsh Assembly Government and National Council-ELWa, ACCAC has identified the many complex issues related to the collection of accurate and reliable take-up data for the Key Skills qualifications across all learners.
- The Authority completed its audit of the efficacy of the Welsh Joint Education Committee's (WJEC) systems for managing its qualifications business. A draft final report was sent to the WJEC in February 2003.
- Performance targets were agreed for Unitary Awarding Bodies in May 2002. Although these targets have been reported against by awarding bodies, in light of the Tomlinson Inquiry, publication of the information did not proceed in 2002.
- Monitoring the performance of the Joint Council for General Qualifications has been subsumed into implementing the recommendations of the Tomlinson Inquiry.
- Scrutinies have been carried out for the WJEC's 2002 examinations in AS/A level mathematics, Welsh, English literature, history as well as Entry Level IT and land

studies. The subsequent reports which detail the findings and recommendations were sent to the WJEC in February 2003.

- Seven follow-up reports were also provided to the WJEC for the 2000 and 2001 GCSE and AS/A level scrutinies.
- International Baccalaureate Organisation (IBO) materials received to date meet regulatory requirements and the relevant accreditation conditions have been signed-off.
- The final report monitoring the operation of the 2002 Code of Practice for GCSE, GCE, VCE and GNVQ in the summer award meetings was completed in October 2002. The January 2003 awarding meetings and ratification committees were monitored with further feedback provided to the WJEC in March 2003.
- The monitoring programme for NVOs and VROs has been agreed with QCA and a full central systems audit of one awarding body has been completed. Monitoring of the 18 Key Skills awarding bodies is ongoing.
- A pilot programme for monitoring NVOs and VROs delivered through the medium of Welsh and the dual language route was developed during 2002 and will be implemented during 2003.
- Draft regulations for special arrangements in Key Skills and at Entry Level were issued for discussion at the Access to Assessment and Qualifications conference in March 2003. The regulations are available on the JCGO's website.
- The Authority received 65 queries and complaints (including non-compliance) concerning general and vocational qualifications this year with a further 22 cases ongoing from 2001/02. Of these, 50 have been closed during the year.

Key target:

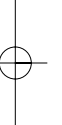
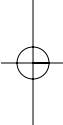
To focus the strategy for the support for Welsh-medium qualifications.

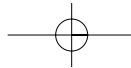
- Final advice on a strategic approach to Welsh-medium qualifications was submitted to the Welsh Assembly Government in February 2003. The advice was delayed to take into consideration the consultations on the Learning Pathways: 14–19 and Iaith Pawb.

Key target:

To provide advice on the statutory approval of qualifications.

- ACCAC provided the Welsh Assembly Government with advice, under Section 96 of the Learning and Skills Act 2000, on the approval of qualifications for use by pupils aged 18 and under.





Developing a coherent and integrated curriculum for 5–19 year olds, together with assessment arrangements at 5, 7, 11 and 14 which raises standards of achievement and widens educational opportunity.

OBJECTIVE

2

Key target:

To prepare for a review of the National Curriculum for Wales and its assessment arrangements.

- The Authority completed a programme to monitor the curriculum and its assessment arrangements. ACCAC officers sent out questionnaires to a sample of schools and other stakeholders in addition to holding a series of conferences to monitor the implementation of the Subject Orders and their assessment arrangements. Officers provided subject reports in December as part of this evidence-gathering process. An independent agency was also appointed to undertake a survey of the curriculum and assessment arrangements in Wales. An interim report has been produced. Further conferences are planned to discuss the findings and recommendations.

Key target:

Improve and support teacher assessment at Key Stage 1.

- Following the Minister's decision to end statutory testing at Key Stage 1 in November 2001, ACCAC developed and published materials to support teacher assessment at Key Stage 1. A conference was held in February 2003 to launch the teacher assessment materials prior to their distribution to schools later in the year. English and Welsh were distributed in

March 2003 and mathematics will be distributed in June 2003.

Key target:

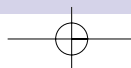
To advise the Welsh Assembly Government on the current non-statutory status of the PSE and WRE frameworks.

- Following advice provided by ACCAC, the Minister announced in October 2002 that PSE would be statutory for pupils aged 5–16 from September 2003. WRE would be statutory for pupils aged 14–16 from September 2004.

Key target:

To provide guidance for schools on a cross-curricular approach to raising standards of literacy and numeracy at Key Stage 3.

- In conjunction with DfTE, Estyn and the BBC, four videos and an accompanying booklet have been produced. They were launched at a conference in March 2003. The package should provide a useful resource for schools initiating policies on literacy and numeracy as well as those reviewing existing practice and those with well-established policies wishing to confirm good practice.
- Development of guidance on ICT across the curriculum is set to begin in April 2003 and will be available in 2004.



From global to local

In partnership with the Welsh Assembly Government, Estyn and the Department for International Development, ACCAC published *Education for Sustainable Development and Global Citizenship* guidance for schools. Education for sustainable development and global citizenship is part of the existing school curriculum and of school life, not an additional requirement. The guidance sets out why schools should promote education for sustainable development and global citizenship, providing basic definitions, together with examples of good practice. It is hoped that this guidance will help schools to plan and develop learning activities.



Key target:

To support the development of policy for the Foundation Phase.

- The Authority has participated on the Welsh Assembly Government's Early Years Advisory Panel, contributing to the development of the consultation paper the Foundation Phase: 3–7 years. ACCAC's formal response to this consultation will be submitted in May 2003.

Key target:

To support the Welsh Assembly Government's work on the Key Stage 2 Welsh immersion pilot.

- In conjunction with the Welsh Assembly Government and other partners, ACCAC has been involved in the development of the Key Stage 2 Welsh immersion pilot.

Key target:

To support a range of Welsh Assembly Government initiatives.

- In partnership with the Welsh Assembly Government, Estyn and the Department for International Development, ACCAC published *Education for Sustainable Development and Global Citizenship* guidance for schools. The Minister for Education and Lifelong Learning launched the guidance in November 2002.
- ACCAC is represented on the PE and School Sport Advisory Group and the National

Implementation Team both of which support the Welsh Assembly Government's PE and Schools Task Force initiative.

- An ACCAC officer is a member of the National Grid for Learning Cymru Consultative Group. The Authority is also involved in discussions regarding quality assurance issues.

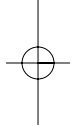
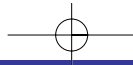
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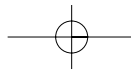
- Guidance for teachers of more able and talented pupils has been developed and will be distributed to schools in autumn 2003.
- In November 2002 a conference aimed at Special Educational Needs Coordinators in mainstream secondary schools was held to disseminate guidance on target setting.
- Following discussions with teachers, the Authority revised its plans to produce guidance on good practice in curriculum planning and assessment for pupils with learning difficulties in favour of sharing good practice. Any outcomes will be placed on the Authority's website.
- The contract to produce braille and modified large print versions of the statutory tests for 2003–2005 was awarded in August 2002.
- The draft SACRE review report will be presented to the April Authority meeting with the aim of publishing the final report in July 2003.



- ACCAC's revised Guidance on the Review of Locally Agreed Syllabuses was warmly received at the WASACRE National Conference in April 2002 which was attended by 70 delegates.
- Guidance on the Curriculum Cymreig is in the final stages of production. It will be distributed to schools in autumn 2003. The material will be launched by the Minister for Education and Lifelong Learning at a conference on 17 September 2003.
- Following the launch of the Assembly's National Modern Foreign Languages Strategy, Languages Count in April 2002, ACCAC worked with Estyn and the Welsh Assembly Government to produce guidance on *Making the Link: Language Learning 5-14* for schools. The guidance will be distributed in autumn 2003.
- An ACCAC officer is a member of the working group, which is currently assessing applications from schools who wish to take part in the pilot scheme for introducing modern foreign languages to pupils in primary schools.
- The production and distribution of the optional assessment material (OAMs) has been completed, with the exception of Key Stage 2 Welsh second language and Key Stage 3 mathematics (which will be distributed in the summer term 2003), and Religious Education which has been rescheduled for publication in 2004. The evaluation of the OAMs has been re-scheduled and will now take place in 2003/04. Owing to copyright and technical problems (schools cannot amend PDF files) it has been decided not to proceed with making the OAM pupil materials available on the Authority's website.
- The final report investigating the interrelationship between Key Stage 3 tests and Key Stage 4 qualifications is currently being drafted.
- Development work on duplication of work at Key Stage 2/3 has been revised and work already undertaken will feed into the work on transition being undertaken in 2003/04 with the BBC.
- The Key Stage 2 and Key Stage 3 *Statutory Assessment and Reporting Arrangements* booklets for 2003 were distributed to schools in September 2002. The Key Stage 1 *Statutory Assessment and Reporting Arrangements* booklets for 2003 were distributed to schools in February 2003.
- All Key Stage 2 and Key Stage 3 statutory tests for 2002 were in schools before the end of April 2002.

- The Key Stage 2 statutory tasks for 2003 for English and Welsh and the Key Stage 3 Welsh tasks were distributed to schools by 30 November 2002.
- The 2003 statutory test materials for Key Stage 2 and Key Stage 3 are on target for distribution by the end of April 2003 and work has begun on materials for 2004 and 2005.
- The Key Stage 2 and Key Stage 3 *Implications for Teaching and Learning* reports on the statutory tests 2002 for all the core subjects were distributed to schools in November 2002.
- ACCAC officers are involved with both the Welsh Assembly Government's Steering and Advisory Groups aimed at setting up an all-Wales statistical provision to ensure collection of appropriate data.
- *Careers Education and Guidance – Supplementary Guidance* was published in October 2002. In addition a mapping guidance leaflet on Links between PSE, CEG and WRE in secondary education was distributed in October 2002.





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

Key target:

Publish 88 per cent of the titles scheduled for publication in 2002/03.

- During the year, 17 projects were completed. The Authority's subject officers, assisted by practising teachers, monitored the quality of the materials produced. A total of 231 titles were timetabled for publication during the year; 204 (88 per cent) were actually published.
- During 2002/03, the primary school materials listed below were published.

Core subjects

To support the development of literacy skills in Welsh, Gwasg Carreg Gwalch published materials based on the alphabet *A-B-Clec*, a book of stories with accompanying CD and book of activities. A further 75 titles were also published for Key Stage 1 from Drake Educational's adaptation of the *Oxford Reading Tree*.

In mathematics, a significant development was the publication of Years 5 and 6 materials from the adaptation by Gwasg Taf of the popular *Numeracy Focus* scheme, thus completing the Key Stage 2 provision in this scheme.

Foundation subjects

This was a very good year for the publication of Welsh second language

materials, particularly at Key Stage 2. The University of Wales Press published a dictionary specifically aimed at this age range, and CAA and Gwasg Gap published different types of reading materials. The *Fflic* series (CAA) provides a series of eight booklets at different curriculum levels, while the pack *Arthur* (Gap) is a series of imaginative stories, also supported by website activities.

For the study of Welsh history, Dref Wen completed an ambitious project publishing 12 story books in both English and Welsh, in large and small formats. These are similar to their earlier acclaimed publications published in 1998.

For geography, FBA launched a website www.geo-drws.co.uk which provides access to a wide range of different types of geography materials. They also published more story books from their *Compass series*, based on a family visiting different areas of Wales. Web-based worksheets have also been produced to accompany this series.

CURIAD published a book of musical rounds *Rownd a Rownd*, (an adaptation of an existing publication), aimed at developing musical skills at Key Stage 2.



Broadening horizons

Some of ACCAC's latest commissioning projects has broken new ground. Alongside the piloting and development of a new examination specification for vocationally based Welsh second language course at 16+, publishers CAA produced *Sglein ar y Sgiliau*. This set a useful precedent for the Authority and its partners in the parallel development of curriculum and resources. Another milestone for ACCAC was its collaboration with the WJEC leading to Hodder's publication of a Welsh-language version text for GCSE Religious Education.



- During 2002/03, the secondary school materials listed below were published.

Core subjects

This year saw the publication of more titles from the successful *Clic* series (CAA). This is a series of reading books particularly aimed at Key Stage 3 pupils working at lower levels of the curriculum. Pupils studying A level Welsh will certainly welcome Gwasg Carreg Gwalch's recent publication, accompanied by a CD, *Mae'n gêm o ddau fileniwm*, an introduction to the work of Welsh poets (both traditional and modern).

For mathematics, Year 9 materials of the *Key Maths* scheme were translated (five full colour texts and five large files) completing the Key Stage 3 provision. This has been a major project over three years (£500,000 investment) which has been successfully completed to timetable by CAA. It has been very well received by schools with good sales figures. CAA also published further revision workbooks for Key Stage 4 mathematics.

For science, CAA published adaptations of a Key Stage 3 revision text and SEN files relating to the *Spotlight Science* series.

Foundation subjects

The publication of *Sglein ar y Sgiliau* materials marked another milestone in the commissioning work. These materials were

produced side-by-side with the piloting and development of a new examination specification for a vocationally based Welsh second language course at 16+. It provides a useful precedent for the parallel development of the curriculum and resources. CAA also published *Y Chwiliadur Iaith*, a handbook and a book of exercises presenting grammar and language patterns for Key Stage 3/4 Welsh second language pupils.

This year saw the completion of three projects in both history and geography which have led to the publication of annual magazines of translated and original articles for 16+ pupils. Having some new Welsh language materials each year has been particularly welcomed by both teachers and pupils. A more recent development has been the first issue of a new geography journal for Key Stage 3 pupils, published by CAA in both Welsh and English.

UWIC launched a website www.artwales.info for pupils studying art at both primary and secondary level. This will be further developed over the next two years.

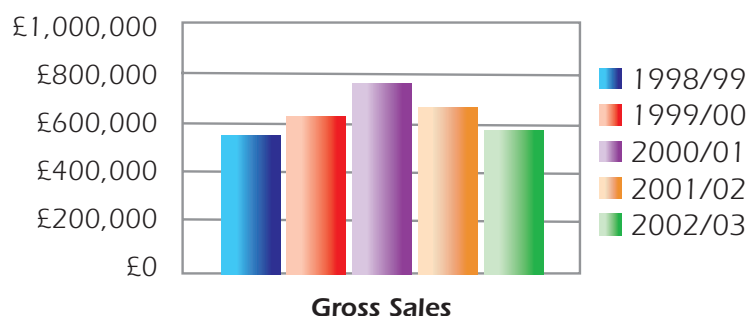
Cooperation with the WJEC also led to Hodder publishing a Welsh-language version of a GCSE Religious Education text. This is another useful precedent for commissioning work in the future.



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 the table.



There is plenty of anecdotal evidence from those involved with the marketing and selling of these resources of tighter school budgets having an effect on sales this year.

Specific initiatives achieved within this objective include:

To ensure that all new projects commissioned produce pupil materials aimed at addressing the priority needs of classroom teachers.

- The selection and prioritisation of the materials to be commissioned was based on the advice of 12 panels of practising teachers in subjects across the curriculum.

To ensure that the commissioned publishers produce high quality materials on time and to specification.

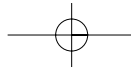
- The quality of all commissioned materials is monitored by ACCAC's subject officers assisted by practising teachers.
- Two training courses for potential authors of Welsh second language materials have been successfully completed.

To develop and publish a new strategy document for 2003/04 – 2005/06.

- *The Commissioning Welsh and Bilingual Classroom Materials 2003/04 – 2005/06 Strategy* will be published in May 2003. This will provide the basis of ACCAC's commissioning work for the next three years.

To take forward initiatives to increase awareness of the published materials.

- The first reviews of project materials have been published on www.gwales.com and in the Authority's November 2002 *Newsletter*.
- A published leaflet is now distributed with the ACCAC *Newsletter* and the Welsh Books Council mail shots each term. The leaflet provides details of recently published materials.



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

OBJECTIVE

4

Key target:

To maintain and further develop effective joint working relationships with the National Council-ELWa.

- Effective working relationships are continually being built upon, with joint action on a number of projects including the Credit and Qualifications Framework for Wales, the strategy for supporting bilingualism and Welsh-medium learning, and effective learning strategies initially focusing on e-learning.

Key target:

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

- *Examining Success in Wales 2001: Qualifications Statistics* was published in May 2002.

Key target:

To undertake research in specified areas in collaboration with European partners.

- ACCAC has contributed to the Consortium of Institutions for Development and Research in Education in Europe (CIDREE) programme focused on immigration and ethnic minorities in education. CIDREE is a network of 19 curriculum and research bodies drawn from 15 education systems across Europe plus associate members in Hong Kong and

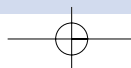
the USA. The work on immigration and ethnic minorities was led by Spain and included Austria, England, Germany, Hungary, the Netherlands, Sweden and Wales. This led to the publication of the CIDREE Yearbook for 2002 *A Europe of differences: educational responses for interculturalism*.

- Again in collaboration with CIDREE, ACCAC has participated in other research projects including the effective implementation of cross-curricular aspects of the curriculum and civic education (citizenship).

Key target:

To publish and disseminate timely information regarding ACCAC's work.

- The Authority exhibited at the Basic Skills Agency conference, the Wales Educational Conference, the Urdd Eisteddfod, the National Association for Able Children in Education (NACE) conference and the National Eisteddfod during 2002.
- All three issues of ACCAC's *Newsletter* were produced on time. Twenty one-thousand copies are printed per issue.
- ACCAC's Teachers' Association Forum has met on a regular basis. The Association is also consulted as a matter of course during consultation exercises.
- ACCAC's Awarding Bodies Forum, Higher Education Forum and All Wales Vocational



Working together

ACCAC contributed to CIDREEs programme focusing on immigration and ethnic minorities in education. This led to the publication of the CIDREE Yearbook for 2002 *A Europe of differences: educational responses for interculturalism*. This publication gives an overview of policies and experiences of educational provision for pupils from ethnic minorities across Europe. The accounts reflect the range of approaches being undertaken to ensure that all children are educated to achieve their potential and that all societies are enriched by the diversity of their ethnic minorities.



Education Forum have all met on a regular basis.

Specific initiatives achieved within this objective include:

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

- Over three-quarters of maintained schools have taken part in the School Improvement Index for 2002, with 176 schools enrolled. This is the eighth year of the scheme run by ACCAC and supported by HSBC Bank.
- Regional winner for North Wales, St Joseph's RC High School, Wrexham received the National Award for the school with most improved Key Stage 4 examination results in 2002. Barry Comprehensive School, Vale of Glamorgan regional winner for South Wales received the National Award for second most improved school.
- The three other regional awards went to: Gwernyfed High School, Powys; previous winner Sandfields Comprehensive School, Port Talbot; and St Alban's RC High School, Pontypool.

Further developing the website.

- The Authority is preparing for the launch of a new improved website in spring 2004. It is hoped that users will find the site more accessible and user friendly as the Authority

works towards the Welsh Assembly Government's targets in its Cymru Ar-Lein initiative.

To work with the Welsh Assembly Government to support the audit of business needs for foreign language skills.

- In response to the Welsh Assembly Government's *Languages Count* strategy the Wales Languages Capacity Audit Steering Group was set up. ACCAC was represented on this group which supported the production of a comprehensive audit by LNTO and Interact International. This audit established a baseline for foreign languages in Wales, identifying both demand and provision in Wales. The report is available from the LNTO.
- The Steering Group also supported the *Reflect* project which reviewed language and cultural training needs. A comparative overview of survey results using European comparisons was carried out. This study is available from Interact International.

To continue to take an active involvement in the Future Skills Wales Partnership.

- ACCAC is represented on the Research Forum and the Marketing Forum in addition to participating in the Monitoring and Advisory Group for the development of the Skills and Employment Action Plan.



Publications

(bilingual unless otherwise stated) Publications issued by the Authority during 2002/03 are listed below:

Corporate Materials

Corporate Plan 2002/03 – 2004/05
 Corporate Plan 2003/04 – 2005/06¹
 ACCAC Annual Report and Accounts for the Year ended 31 March 2002¹
 Welsh Language Scheme
 Newsletter 14: June 2002¹
 Newsletter 15: November 2002¹
 Newsletter 16: March 2003¹
 Commissioning Flyer 1: June 2002
 Commissioning Flyer 2: November 2002
 Commissioning Flyer 3: March 2003
 ACCAC Resources Catalogue 2002/03

Materials on Qualifications

GCSE, GCSE in vocational subjects, GCE, VCE and GNVQ Code of Practice 2002¹
 NVQ Code of Practice (Welsh medium)²
 The use of the Welsh Language in the delivery and assessment of Vocationally Related Qualifications
 The use of the Welsh Language in the delivery and assessment of National Vocational Qualifications
 GCSEs in Vocational Subjects
 VCE leaflet
 Regulations on Welsh medium and dual language assessment of general and general vocational qualifications²

National Curriculum

Careers Education and Guidance – Supplementary Guidance¹
 Links between PSE, CEG and WRE in secondary education¹
 Education for Sustainable Development and Global Citizenship¹

Guidance Material to support teacher assessment

Key Stage 1 English Optional Assessment Materials*
 Key Stage 1 Welsh Optional Assessment Materials*
 Key Stage 2 Welsh Optional Assessment Materials*
 Key Stage 2 IT Optional Assessment Materials
 Key Stage 2 mathematics Optional Assessment Materials
 Key Stage 2 history Optional Assessment Materials
 Key Stage 2 design and technology Optional Assessment Materials
 Key Stage 3 Welsh Optional Assessment Materials*

Statutory Assessment Cycle 2003

Key Stage 1 Statutory Assessment and Reporting Arrangements for 2003¹
 Key Stage 2 Statutory Assessment and Reporting Arrangements for 2003¹
 Key Stage 3 Statutory Assessment and Reporting Arrangements for 2003¹
 Key Stage 2 English Tasks 2003*
 Key Stage 2 Welsh Tasks 2003*

Key Stage 3 Welsh Tasks 2003*
Key Stage 2 & 3 Tests in Welsh*, English*,
science, mathematics

Statutory Assessment Cycle 2002

Mark schemes for Key Stage 2 English*
Mark schemes for Key Stage 2 Welsh*
Mark schemes for Key Stage 2 science
Mark schemes for Key Stage 2 mathematics
Mark schemes for Key Stage 3 Welsh*
Mark schemes for Key Stage 3 English*
Mark schemes for Key Stage 3 science
Mark schemes for Key Stage 3 mathematics
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 Stage 2 Level Boundary for English,
mathematics and science¹

Key Stage 3 Level Boundary for English*¹

Key Stage 3 Level Boundary for science¹

Key Stage 3 Level Boundary for
mathematics¹

Key Skills Materials

Key Skills Tests (June 2002)

Key Skills Tests (August 2002)

Key Skills Tests (November 2002)

Key Skills Tests (January 2003)

Guidance on the wider Key Skills: Working with
others, Improving own learning and
performance and Problem solving Levels 1–4
(Welsh version)

Research and Other Materials

Asking Questions – Getting Answers:

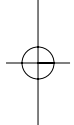
Examining Success in Wales Qualifications

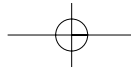
Statistics: GCE, GCSE, GNVQ, CoEA 2001

VO Glossary update²

Skills across the curriculum Key Stages 1–3¹

¹ Also available on ACCAC website ² Only available on ACCAC website * Only available in stated language





Ensuring an increasingly effective and efficient organisation.

OBJECTIVE

5

Key target:

Maintaining sound strategic and corporate planning arrangements.

- The Accounts for the year ended 31 March 2002 were approved by the Authority in July 2002 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 2002.
- The *Corporate Plan for 2003/04 to 2005/06* was published in January 2003.
- The Minister for Education and Lifelong Learning approved the Operational Plan for 2003/04 in April 2003.

Key target:

Ensuring value for money and operating sound financial control.

- The Authority has continued to comply with the requirements of the Financial Memorandum and good practice accounting.
- The Authority's performance to attain compliance with the prompt payment code stands at 98 per cent for this year.
- ACCAC has provided the Welsh Assembly Government with the initial documentation in respect of the forthcoming quinquennial review of the Authority.

Key target:

Developing and maintaining appropriate personnel management practices.

- Significant progress is being made in developing a Work/Life Balance Policy in partnership with the Public and Commercial Services union and a project team from Chwarae Teg. It is intended to launch the policy in June 2003.
- The Equal Opportunities Action Plan, incorporating recommendations from Roger McKenzie's Report on Institutional Racism, has been agreed and will be launched in July 2003.

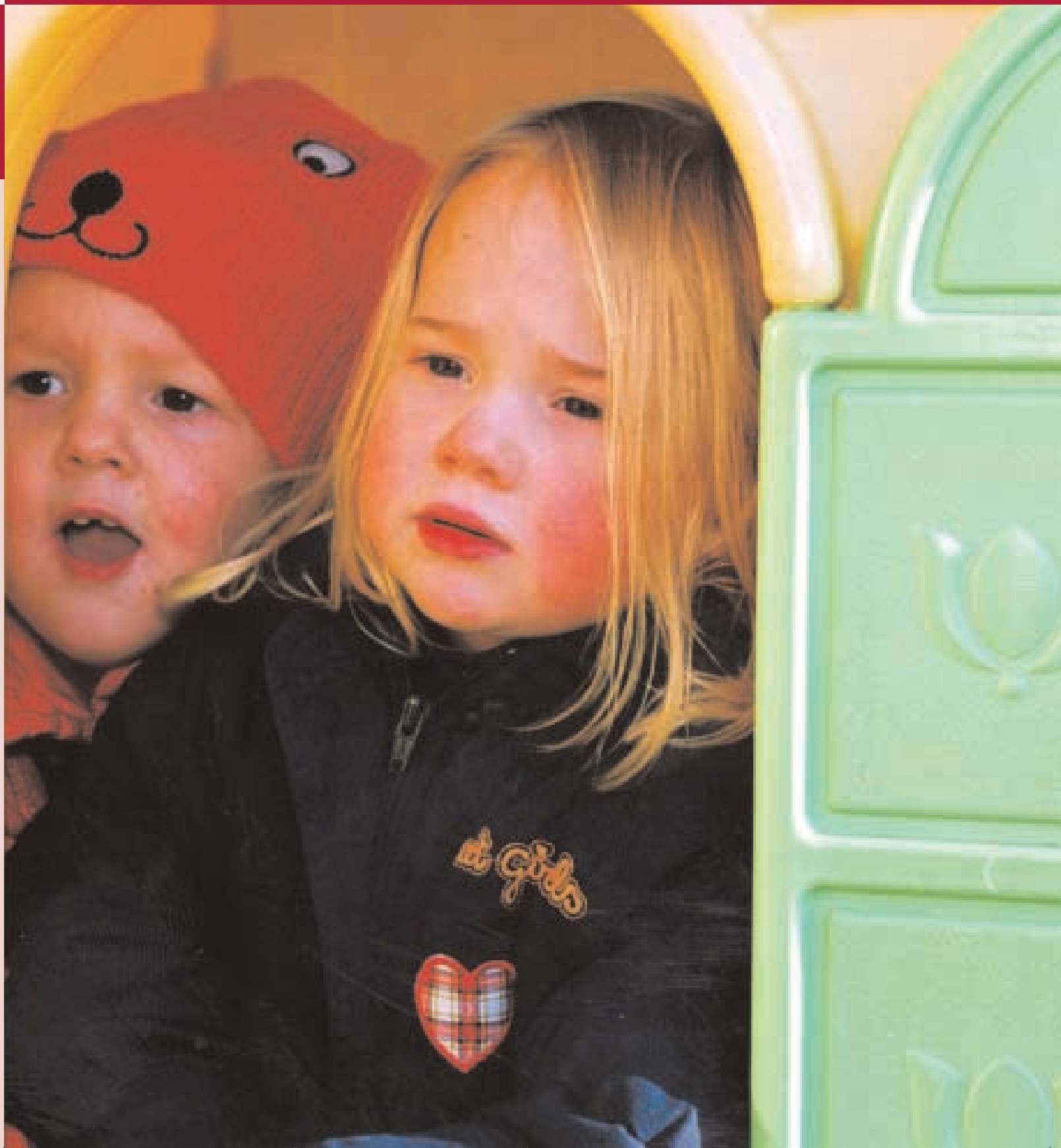
Additional information

- Some staff moved into ACCAC's second office at Southgate House, Cardiff in July 2002.
- The Authority's asset management plan was submitted to the Assembly in August 2002.
- The Authority has continued to take forward its IT Strategy.
- Risk Management has been a high priority for the Authority this year having established and implemented a comprehensive risk management strategy. This will be reviewed in the coming financial year.

John V Williams
Chief Executive
Accounting Officer
3 July 2003

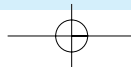
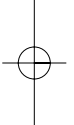
Creating a balance

During the year the Authority has made significant progress towards developing a Work/Life Balance Policy. This has been carried out in partnership with the Public and Commercial Services union and a project team from Chwarae Teg. The aim of the policy is to maintain, if not increase, efficiency throughout the organisation whilst motivating staff through provision of flexible working arrangements – meeting everyone's needs.





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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 renamed 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, 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.

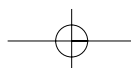
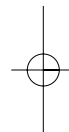
The Authority is required to prepare a statement of accounts in respect of each financial year which complies with the directions given by the National Assembly for Wales with the consent of the Treasury. A copy of the Accounts Direction may be obtained by contacting the Authority at its offices at Castle 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. However, various research activities to inform the Authority's work were carried out under other work programmes.



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
Mr Alan Boxford OBE (retired 31 March 2003)
Mrs Eileen Davies
Mrs Sandra Davies OBE
Mrs Katija Dew
Mrs Jennifer Evans
Mr Roger Evans

Mr Robert Fowler
Mr Emlyn Jones OBE (retired 31 March 2003)
Mr Chris Kipling (retired 31 March 2003)
Mr Stuart Mathias (retired 31 March 2003)
Mrs Susan Parsons OBE (retired 31 March 2003)
Dr Pauline Peregrine
Dr Bryn Roberts

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 offices.

The following served as Members of the Audit Committee during the year – Mr Alan Boxford (Chair), Mrs Jennifer Evans, Mr Roger Evans, Mr Chris Kipling, Mrs Susan Parsons and Dr Pauline Peregrine.

Results for the year

The Authority made a surplus for the year of £450,000 (year ended 31 March 2002 - deficit of £210,000). This amount has been transferred to reserves. Gross income credited to the income and expenditure account for the year was £12,352,000 (2001/2002 – £10,659,000).

At 31 March 2003, there were net assets of £310,000 (31 March 2002 – net liabilities of £328,000) and a deficit on the income and expenditure account of £263,000 (31 March 2002 – £713,000).

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. While a large number of payments are made immediately prior to the year end (amounting to in excess of £2,500,000 in March of each of the last three years), 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

During the year the Authority has entered into leasing agreements to rent additional office space located at Southgate House, Wood Street, Cardiff. The leases were signed on 3 April 2002. Some of the Authority staff were moved to these offices in July 2002. Commitments under the leases are set out in note 16 to the accounts.

Fixed assets

Movements in fixed assets during the year are set out in note 8 to the accounts.

Significant capital expenditure, amounting to approximately £360,000, was incurred in refurbishing the additional office accommodation at Southgate House and in setting up the split site operation.

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 that 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 98 per cent (2001/02 – 90 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.

John V Williams
Chief Executive
Accounting Officer
3 July 2003

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
- 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.

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 set by the National Assembly for Wales 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.

The system of internal control is designed to manage rather than eliminate the 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 the principal risks to the achievement of the Authority's policies, aims and objectives to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 March 2003 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

As Accounting Officer I also have responsibility for reviewing the effectiveness of the system of internal control. The Authority has established the following processes:

- regular reviews by the Chairman and Authority Members of quarterly and annual performance, in addition to regular meetings of the Audit Committee
- the Senior Management Team, comprising of the Chief Executive and the four Assistant Chief Executives, meets on a monthly basis to consider the plans and strategic direction of the Authority
- the minutes of the Audit Committee meetings are presented to the subsequent Authority meeting by the Chairman of the Audit Committee
- regular reports from managers on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects
- a workshop, led by the internal auditors, to identify and record the risks facing the organisation
- establishment of key performance indicators
- establishment and maintenance of an organisation-wide risk register
- regular reports by internal audit to standards defined in the Government Internal Audit Manual which include an independent opinion on the adequacy and effectiveness of the Authority's system of internal control together with recommendations for improvement.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the Audit Committee which oversees the work of the internal auditors, the executive managers 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 my own knowledge.

John V Williams
Chief Executive
Accounting Officer
3 July 2003

I certify that I have audited the financial statements on pages 41 to 52 under the Education Act 1997. These financial statements have been prepared under the modified historical cost convention and the accounting policies set out on pages 44 to 45.

Respective responsibilities of the Authority, the Chief Executive and Auditor

As described on page 38 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 guided by the Auditing Practices Board and the auditing profession's ethical guidance.

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 the directions made thereunder by the National Assembly for Wales, 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 page 39 reflects the Authority's compliance with Treasury's guidance 'Corporate governance: statement on the system of 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.

Basis of 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 2003 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.

John Bourn
Auditor General for Wales
11 July 2003

National Audit Office Wales
3-4 Park Place
Cardiff CF10 3DP

Income and expenditure account ACCAC Annual Report and Accounts 2002/2003 **41**
for the year ended 31 March 2003

	Notes	2002/03 £'000	2001/02 £'000
Gross income			
Grant-in-aid	2	12,075	10,357
Contract funding	3	–	87
Release from Government Grant Reserve	13	120	109
Other operating income	4	157	106
		12,352	10,659
Expenditure			
Programme expenditure	5	8,154	7,661
Staff costs	6	2,879	2,523
Administration expenditure	7	749	576
Depreciation	8	120	92
Notional cost of capital (credit)		(12)	(20)
		11,890	10,832
Surplus/(deficit) on operating activities			
	17a	462	(173)
Loss on disposal of fixed assets		–	(17)
Interest receivable		11	13
Adjustment for notional cost of capital		(12)	(20)
Surplus/(deficit) for the financial year			
		461	(197)
Appropriations			
Amounts surrenderable to the National Assembly for Wales	9	(11)	(13)
Surplus/(deficit) on grant-in-aid activities for the financial year			
		450	(210)
Statement of retained deficit			
Retained deficit brought forward		(713)	(503)
Surplus/(deficit) for the year		450	(210)
Retained deficit carried forward			
		(263)	(713)

All of the above figures derive from continuing activities.

**Statement of total recognised gains and losses for the year ended
31 March 2003**

Surplus/(deficit) for the year		450	(210)
Movement in Government Grant Reserve	14	188	29
Total recognised gains and losses relating to the year			
		638	(181)

The notes on pages 44 to 52 form part of these accounts.

Balance Sheet

as at 31 March 2003

	Notes	31 March 2003 £'000	31 March 2002 £'000
Fixed assets			
Tangible assets	8	573	302
Current assets			
Stocks	10	44	43
Debtors	11	168	103
Cash at bank and in hand	17b	187	193
		399	339
Creditors			
Amounts falling due within one year	12	(662)	(969)
Net current liabilities		(263)	(630)
Total assets less current liabilities		310	(328)
Financed by:			
Capital and reserves			
Government Grant Reserve	13	573	385
Income and expenditure account		(263)	(713)
Total Government funds	14	310	(328)

John V Williams
 Chief Executive
 Accounting Officer
 3 July 2003

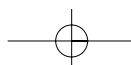


Cash Flow Statement
for the year ended 31 March 2003

ACCAC Annual Report and Accounts 2002/2003 **43**

	Notes	2002/03 £'000	2001/02 £'000
Net cash inflow/(outflow) from operating activities	17a	71	(23)
Returns on investments and servicing of finance			
Interest received		10	16
Appropriations			
Amounts paid to the National Assembly for Wales		(8)	(16)
Investing activities			
Payments to acquire tangible fixed assets		(387)	(65)
Financing			
Capital grants received	17c	308	138
(Decrease)/increase in cash	17b	(6)	50

The notes on pages 44 to 52 form part of these accounts.





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 36, 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. It is anticipated that the cumulative balance on the income and expenditure account will remain in deficit due to this timing difference.

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)

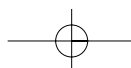
Fixtures and fittings – over 10 years, or the remaining period of the lease, whichever is the shorter

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 16). 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.



1.4 Contract funding and other operating income

Contract funding and 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 Principal Civil Service Pension Scheme (PCSPS) which is a defined benefit scheme and is unfunded and non-contributory. 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 PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

The Chairman and former Chairman of the Authority have pension arrangements analogous to those of the Principal Civil Service Pension Scheme. These pension payments are paid by the Authority, and are charged to the income and expenditure account as incurred (see note 6).

1.8 Value Added Tax (VAT)

All expenditure and fixed asset purchases in the accounts is stated inclusive of any irrecoverable VAT. With effect from 1 April 2000, the Authority registered for 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 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

	2002/03	2001/02
	£'000	£'000
Amount receivable from the National Assembly for Wales	12,383	10,495
Amount provided for purchase of fixed assets (see note below)	(308)	(138)
Grant-in-aid credited to the income and expenditure account	12,075	10,357

An amount of £391,000 was expended on the purchase of fixed assets during the year. This was funded by £308,000 capital grant-in-aid received during the year, together with £83,000 received during 2001/02 and carried forward in the Government Grant Reserve account at 31 March 2002.

3. Contract funding

In addition to the revenue and capital grant-in-aid received from the National Assembly for Wales and reported in note 2, the Authority received the following sums from the National Assembly for Wales as contract funding in 2001/02. No contract funding was received during 2002/03:

	2002/03	2001/02
	£'000	£'000
Progress File (formerly National Record of Achievement)	–	87

4. Other Operating Income

	2002/03	2001/02
	£'000	£'000
Sales of publications	36	44
Royalty income	38	52
Miscellaneous	83	10
	157	106

Miscellaneous income includes £69,000 funding received via the Qualifications, Curriculum and Assessment Authority under the Invest to Save initiative. This funding has been used to finance programme expenditure which is included in note 5.

5. Programme expenditure

	2002/03	2001/02
	£'000	£'000
Objective		
1 – Developing a coherent Qualifications Framework	1,661	1,309
2 – Developing a coherent and integrated curriculum and assessment framework for schools	4,764	4,940
3 – Commissioning of classroom materials	1,500	1,198
4 – Research and intelligence; information and publicity	229	214
	8,154	7,661

6. Staff costs

	2002/03	2001/02
	£'000	£'000
Salaries and wages	2,381	2,087
Social Security costs	166	155
Other pension costs	332	281
	2,879	2,523

Dear Accounting Officer letter (DAO) 12/00 requires the Authority to disclose, insofar as it is consistent with the provisions of the Data Protection Act 1998, details concerning the age, salary (by broad pay bands) and pension entitlements of Authority members and senior staff with responsibility for directing or controlling the major activities of the Authority. The salary figures include remuneration, any performance bonuses (Chief Executive only) and any benefits in kind. These details are set out below.

Name and title	Age at 31 March 2003	2002/2003 Salary (as defined above) £'000	2002/2003 Increase in pension at age 60 £'000	2002/2003 Total accrued pension at age 60 at 31 March 2003 £'000
Brian Connolly Chairman	63	25–30	*	*
Owen Rees Deputy Chairman	68	5–10	non pensionable	non pensionable
John V Williams Chief Executive	56	70–75	0–2.5	5–10
Linda Badham Assistant Chief Executive (14–19 Qualifications and Curriculum)				Disclosure withheld
Huw Davies Assistant Chief Executive (Central Services and Commissioning)				Disclosure withheld
Ann Evans Assistant Chief Executive (Vocational Qualifications and Lifelong Learning)				Disclosure withheld
David Watcyn Jones Assistant Chief Executive (5–14 Curriculum and Assessment)				Disclosure withheld

* Mr Connolly is entitled to draw his pension on completion of his term of office with the Authority.

6. Staff costs continued

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 Principal Civil Service Pension Scheme. 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 Executives remuneration	2002/03 £'000	2001/02 £'000
This comprised:		
Salary	64	63
Performance bonus	6	5
	70	68
Pension contributions – 18.5% (2001/02 – 18.5%)	12	11
Total	82	79

The Chief Executive is an ordinary member of the Principal Civil Service Pension Scheme.

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 £6,248 for 2002/03 is the bonus payable in respect of the year ended 31 March 2003.

Staff numbers

The average monthly number of employees during the year was:	2002/03 Number	2001/02 Number
Management	5	5
Professional and Technical	31	29
Support	54	49
	90	83

Pensions

Pension benefits are provided through the Principal Civil Service Pension Scheme. This 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 at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2002/03, employers' contributions of £332,000 were payable to the PCSPS (2001/02 £281,000) at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. Rates will remain the same next year, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. 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, staff may be in one of three statutory based 'final salary' defined benefit schemes (*classic*, *premium*, and *classic plus*). New entrants after 1 October 2002 may choose between membership of premium or joining a 'money purchase' stakeholder-based arrangement with a significant employer contribution (*partnership pension account*).

(a) Classic Scheme

Benefits 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. Members pay contributions of 1.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

(b) Premium Scheme

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 commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). Members pay contributions of 3.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths of the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

(c) Classic Plus Scheme

This is essentially a variation of *premium*, but with benefits in respect of service before 1 October 2002 calculated broadly as per *classic*.

Pensions payable under *classic*, *premium*, and *classic plus* are increased in line with the Retail Prices Index.

(d) Partnership Pension Account

This is a stakeholder-type arrangement where the employer pays a basic contribution of between three per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute but where they do make contributions, these will be matched by the employer up to a limit of three per cent (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 risk benefit cover (death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up to 25 per cent of the fund as a lump sum.

7. Administration expenditure

	2002/03	2001/02
	£'000	£'000
Members' travel subsistence and hospitality	7	9
Other Authority-related costs	11	7
Accommodation	262	145
Employees' travel and subsistence	145	115
Office costs	198	163
Recruitment and training of staff	58	75
Professional fees	44	42
Auditors' remuneration – audit work	15	14
– additional assurance work	3	3
Other	6	3
	749	576

The increase in administration expenditure for 2002/03 is principally due to the costs of additional office accommodation, with the Authority now operating on a split site.

8. 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 2002	285	63	120	359	827
Additions	184	29	134	44	391
Disposals	–	(3)	(13)	(47)	(63)
At 31 March 2003	469	89	241	356	1,155
Depreciation:					
At 1 April 2002	125	26	91	283	525
Charge for year	33	8	24	55	120
Disposals	–	(3)	(13)	(47)	(63)
At 31 March 2003	158	31	102	291	582
Net book value:					
At 31 March 2003	311	58	139	65	573
At 1 April 2002	160	37	29	76	302

9. 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:

	2002/03 £'000	2001/02 £'000
Amounts surrenderable to the National Assembly for Wales	11	13

10. Stocks

	31 March 2003 £'000	31 March 2002 £'000
Stock of saleable publications	44	43

The stock of saleable publications is stated net of a provision of £181,000 (2002 – £183,000) made in order to reduce the cost of the stock to its estimated net realisable value.

11. Debtors and prepayments

	31 March 2003 £'000	31 March 2002 £'000
Amounts falling due within one year:		
Other debtors	48	48
Prepayments	117	52
	165	100
Amounts falling due after more than one year:		
Prepayments	3	3
	168	103

12. Creditors: Amounts falling due within one year

	31 March 2003 £'000	31 March 2002 £'000
Other creditors and accruals	662	969

13. Government Grant Reserve

	2002/03 £'000	2001/02 £'000
At 1 April	385	356
Capital grant-in-aid received during the year	308	138
Released to the income and expenditure account during the year	(120)	(109)
At 31 March	573	385

14. Reconciliation of movement in Government funds

	2002/03 £'000	2001/02 £'000
Retained surplus/(deficit) for the year	450	(210)
Movement in Government Grant Reserve	188	29
Increase/(decrease) in Government funds for the year	638	(181)
Government funds at 1 April	(328)	(147)
Government funds at 31 March	310	(328)

15. Capital commitments

	31 March 2003 £'000	31 March 2002 £'000
Contracted	-	56

16. Operating leases

	2002/03 £'000	2001/02 £'000
(a) Amounts charged to the income and expenditure account for operating lease payments	247	141

	31 March 2003		31 March 2002	
	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	-	5	-	-
Within two to five years	-	14	-	19
After more than five years	265	-	216	-
	265	19	216	19

17. Notes to the cash flow statement

a) Reconciliation of operating surplus to net cashflow from operating activities:

	2002/03	2001/02
	£'000	£'000
Surplus/(deficit) on operating activities	462	(173)
Depreciation charge	120	92
Notional cost of capital charge	(12)	(20)
Release from government reserve	(120)	(109)
Increase in stock	-	-
(Increase) in operating debtors	(64)	(3)
(Decrease)/increase in operating creditors	(315)	190
Net cash inflow/(outflow) from operating activities	71	(23)

b) Analysis of changes in cash during the year:

	2002/03	2001/02
	£'000	£'000
Balance at 1 April	193	143
Cash (outflow)/inflow	(6)	50
Balance at 31 March	187	193

c) Analysis of changes in financing during the year:

	2002/03	2001/02
	£'000	£'000
Government Grant Reserve:		
At 1 April	385	356
Cash inflow from financing	308	138
Transfer to income and expenditure account	(120)	(109)
At 31 March	573	385

18. 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.

19. 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.

20. Contingent liability

A claim in respect of termination of a contract has been made against the Authority. The basis and amount of the claim is contested. The Authority considers that appropriate provision has been included within creditors in these accounts for the amount due under this contract and its termination. The Authority is seeking to reach a satisfactory agreement with the agency concerned. If this is not possible, then the Authority may be liable for a further sum. The maximum potential liability is not disclosed here, as permitted by Financial Reporting Standard Number 12, as such disclosure could prejudice the Authority's position.