



accac 04/05

Advancing Education and Training:
Promoting Quality and Coherence



AWDURDOD
CYMWYSTERAU,
CWRICWLWM AC ASESU
CYMRU

QUALIFICATIONS,
CURRICULUM &
ASSESSMENT AUTHORITY
FOR WALES

Noddir gan
Lywodraeth Cynulliad Cymru
Sponsored by
Welsh Assembly Government



Glossary

ACCAC	Awdurdod Cymwysterau, Cwricwlwm ac Asesu Cymru/ the Qualifications, Curriculum and Assessment Authority for Wales
A/AS	Advanced/Advanced Subsidiary
ASPB	Assembly Sponsored Public Body
BAFTA	British Academy for Film and Television Arts
CAA	Y Ganolfan Astudiaethau Addysg (Publishers)
CCEA	Council for the Curriculum Examinations and Assessment (Northern Ireland)
CIDREE	Consortium of Institutions for Development and Research in Education in Europe
CQFW	Credit and Qualifications Framework for Wales
EARLALL	European Association of Regional and Local Authorities for Lifelong Learning
ELWa	Education and Learning Wales/The 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
HEFCW	Higher Education Funding Council for Wales
ICT	Information and Communication Technology
iip	Investors in People
LEA	Local Education Authority
LSC	Learning and Skills Council
NVQ	National Vocational Qualification
PSE	Personal and Social Education
QCA	Qualifications and Curriculum Authority (England)
SACRE	Standing Advisory Council for Religious Education
SQA	Scottish Qualifications Authority
SSDA	Sector Skills Development Agency
VCE	Vocational Certificate of Education
WBC	Welsh Books Council
WJEC	Welsh Joint Education Committee (Awarding Body)

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Qualifications, Curriculum and Assessment Authority for Wales, Castle Buildings, Womanby Street, Cardiff CF10 1SX

Tel: (029) 20375400 Fax: (029) 20343612 e-mail: info@accac.org.uk website: www.accac.org.uk

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

Adeiladau'r Castell/Castle Buildings
Stryd Womanby/Womanby Street
Caerdydd/Cardiff CF10 1SX

Ffôn/Tel. 029 2037 5400
Ffacs/Fax. 029 2034 3612
E-bost/E-mail info@accac.org.uk

Our Ref: 01-11-011
September 2005

Dear First Minister

On behalf of the Authority, I present to you the ACCAC Annual Report for the year ended 31 March 2005.

This, of course, will be the last Annual Report of ACCAC as next year the Authority will have merged with the Welsh Assembly Government.

The Authority has had a very successful existence over the years and I would like, as its present Chair, to thank and pay tribute to all its staff, its sponsoring department at the Welsh Assembly Government and all other associated personnel who have contributed so positively to the work of the Authority. Moreover, I would like to thank the appointed members of the Authority, both past and present, and pay tribute to the work in which they have been conscientiously involved, especially in the Authority's Committees.

All the efforts of ACCAC, at member and staff level, have been directed at advancing education and training and promoting quality and coherence in the curriculum, assessment and qualifications arrangements for Wales and this has been very ably led by its Chief Executive Officer for well over a decade. There is no doubt that schools, colleges, higher education, publishers, and independent training organisations have over the last decade and more, benefited enormously from the Authority's developmental work. It can be said quite genuinely that the young and adult population of Wales have been the clear positive beneficiaries of ACCAC's work.

Yours sincerely



W. G. Edmunds OBE
Chairman



Introduction

This report reviews the Authority's activities and achievements for the period 1 April 2004 to 31 March 2005 together with its financial stewardship.

The Qualifications, Curriculum and Assessment Authority for Wales/Awdurdod Cymwysterau, Cwricwlwm ac Aesu Cymru (ACCAC) has had another busy year and succeeded in meeting its objectives. In light of the Assembly's key priorities, the Minister's remit letter requested that the Authority give time and consideration to a number of areas. Accordingly, the Authority's main priorities during the year were to:



- ensure the secure delivery of public examinations in Wales. This has been achieved with no incidents occurring that affected candidates in Wales in a significantly adverse way
- take forward the programme of work to review vocational qualifications on a four country basis with the Governments and other partners in England (QCA and LSC), Northern Ireland (CCEA), Scotland (SQA) and Wales (ELWa) as well as the Sector Skills Development Agency (SSDA). Significant achievements to date include the review of National Occupational Standards and a comprehensive consultation on the review of the regulatory systems
- support a range of initiatives such as the Basic Skills Strategy and the Credit and Qualifications Framework for Wales (CQFW). This support has been provided
- ensure that the curriculum, assessment and qualifications help tackle patterns of low achievement. Development work has been undertaken to meet the needs of ethnic minority pupils. Overall, the Authority is increasingly working to ensure that all work includes all pupils
- take forward *laith Pawb*, *Learning Pathways: 14–19* and the *Foundation Phase: 3–7*. The Authority has undertaken various strands of work in relation to *laith Pawb* including raising standards in Welsh second language, improving assessment, the use of Welsh in English-medium

settings and movement of pupils between Welsh first and second language provision. Also worthy of mention is a late commission to use *laith Pawb* monies to provide £350 to each primary school to buy Welsh language materials. In a five week period 99.7 per cent of schools took up the offer. The total spent was £574,000. Under the *Learning Pathways* programme of work, further guidance about ways of providing Learning Core (formerly Continuum of Learning) entitlements has been produced. Widespread consultation will take place in summer 2005. Within the *Foundation Phase*, the draft *Framework for Children's Learning* continues to be implemented in the pilot settings. It is anticipated that guidance materials for the seven areas of learning will be distributed to the pilot settings in May 2005

- implement the Quinquennial Review action plan. In light of ACCAC's pending merger with the Assembly, this plan is being reviewed.

In addition to these priorities, the Authority was informed, by the First Minister on 30 November 2004 that within the lifetime of this Assembly, the Authority would merge with the Department of Training and Education (DfTE) and ELWa. The agreed date for the merger is 1 April 2006 and detailed work has progressed accordingly.

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

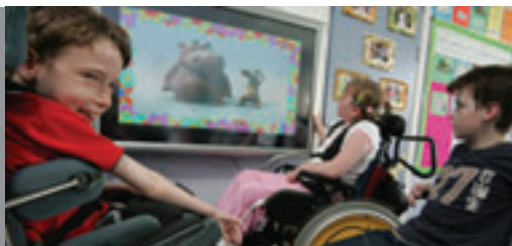


The role of the Authority

ACCAC is responsible in Wales for:

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

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



The Authority's Members

Authority Members who served during the financial year 2004/05 were:

Mr Wil Edmunds OBE

Chairman, Board Member of the Learning and Skills Development Agency and Chair of its Welsh operating arm Dysg
appointed 1 October 2004

Mr Brian Connolly OBE

Chairman, Board Member of the Sector Skills Development Agency
retired 30 September 2004

Mr Owen Rees CB

Deputy Chairman, formerly Under-Secretary at the Welsh Office

Mrs Eileen Davies

Head of Science, Trinity College, Carmarthen, Chair of Environmental Education Council for Wales
retired 30 September 2004

Mrs Sandra Davies OBE

Education consultant, formerly Headteacher, Ogmore Comprehensive School

Mrs Katija Dew

Training Project Manager, Wales Co-operative Centre Ltd



Mr Wil Edmunds OBE
Chairman

Mrs Jennifer Evans

Learner and Tutor Support Network Co-ordinator, RISE

Mr Rob Fowler

Vice Principal, Planning and Performance, Neath Port Talbot College

Mrs Janet Kingston

Headteacher, Risca Community Comprehensive School, Risca

Mrs Louise Lynn

Headteacher, Rhws Primary School, Rhoose

Dr Pauline Peregrine

Senior Lecturer, University of Glamorgan Business School

Dr Bryn Roberts

Managing Director, Vertex International Network Ltd

Mr Nigel Roberts

Author and Editor, specialising in Special Educational Needs

Mrs Sandra Skinner

Secretary for Wales, The Duke of Edinburgh's Award Scheme

Mrs Linda Wyn

Vice Principal, Coleg Menai

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 Authority's administration

The Committee structure

The Authority

During the year, the Authority met four times.

Strategic policy matters are dealt with by the full Authority. Members are provided with minutes from all the committees and quarterly performance report updates. Following recommendations from the Executive and Audit Committees, the Authority approved the Corporate Plan, the Operational Plan, and the Annual Report and Accounts. Advice provided to the Minister for Education and Lifelong Learning included the review of the curriculum and assessment arrangements and *laith Pawb* projects. Members contributed to the Authority's responses to various consultations including the merger with the Welsh Assembly Government and the Skills and Employment Action Plan 2004. Members also received a report on the outcomes of the key stage assessment arrangements in relation to national trends and the Building Excellent Schools Together (BEST) targets.

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

Audit Committee

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

During the year, the Audit Committee met twice.

Internal and external audit and value for money issues are dealt with by the Audit Committee. During the year, the Audit Committee recommended the Annual Report and Accounts for the year ended 31 March 2004 for approval by the full Authority. The Committee received a number of internal audit reports along with the National Audit Office's Additional Assurance Report and Management Letter. Members were also asked to consider the effectiveness of the internal control system including risk management. The Welsh Procurement Initiative Team undertook a Procurement Fitness Health Check on the Authority's procurement function as part of a programme of work which they are undertaking on all ASPBs.



Members also undertook training in June 2004 which focused on accountability, monitoring and the role of Audit Committee members.

Commissioning Committee

Membership: Mr Owen Rees (Chair); Mr Brian Connolly (*up to 30 September 2004*); Mr Wil Edmunds (*from 1 October 2004*); Mrs Eileen Davies (*up to 30 September 2004*); Mrs Louise Lynn; Mr Nigel Roberts; Mrs Linda Wyn

During the year the Commissioning Committee met three times.

The commissioning of Welsh and bilingual classroom materials is dealt with by this Committee. The Committee agreed the contract allocations for the year and the commissioning programme for 2005/06.

Executive Committee

Membership: Mr Brian Connolly (Chair) (*up to 30 September 2004*); Mr Wil Edmunds (Chair) (*from 1 October 2004*); Mrs Sandra Davies; Mrs Katija Dew; Mr Owen Rees; Dr Bryn Roberts; Mrs Sandra Skinner

During the year the Executive Committee met three times.

Administration, staffing, marketing, corporate and operational planning matters are dealt with by the Executive Committee. The Executive Committee recommended for approval by the full Authority the Corporate Plan for 2005/06–2007/08, the Annual Report for the year ended 31 March 2004 and the Operational Plan for 2005/06. The Committee agreed the Accommodation Arrangements Business Case submitted to the Welsh Assembly Government in August. In addition, Members of the Committee have overseen developments in the modernisation of the examination system and implementation of the Authority's sustainable development improvement plan. This Committee has been assigned the responsibility of overseeing the merger process with the Welsh Assembly Government on behalf of the Authority.





Qualifications Committee

Membership: Mrs Sandra Davies (Chair); Mr Brian Connolly (*up to 30 September 2004*); Mr Wil Edmunds (*from 1 October 2004*); Mrs Eileen Davies (*up to 30 September 2004*); Mrs Katija Dew; Mrs Jennifer Evans; Mr Rob Fowler; Mrs Janet Kingston; Dr Pauline Peregrine; Mr Owen Rees; Mrs Sandra Skinner

During the year the Qualifications Committee met twice.

The Qualifications Committee deals with matters relating to external qualifications. During the year, the Committee received reports ranging from developments in Basic and Key Skills to qualification statistics in Wales in 2004; it agreed a consultation document on proposed changes to the detailed arrangements for regulating qualifications and the discussion paper *Building on Success* which expands our vision for developing qualifications and credit systems. 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.

Remuneration Committee

Membership: Mr Brian Connolly (Chair) (*up to 30 September 2004*); Mr Wil Edmunds (Chair) (*from 1 October 2004*); Mrs Sandra Davies; Mr Owen Rees; Dr Bryn Roberts

During the year the Remuneration Committee met three times.

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

Staff

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

- Curriculum and Assessment 5–14 Roger Palmer
- Qualifications and Curriculum 14–19 Linda Badham
- Vocational Qualifications and Lifelong Learning Ann Evans
- 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 a Welsh Language Scheme.

Standards of service

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



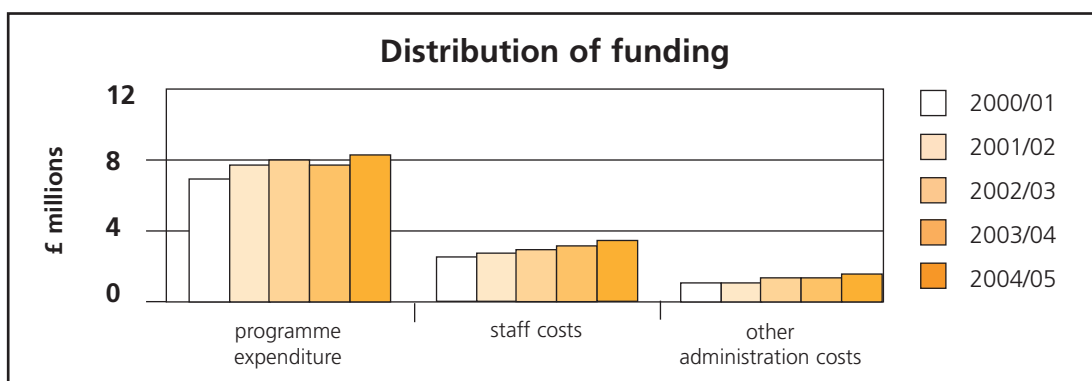
Allocation of the Authority's expenditure

The Authority's total expenditure may be summarised as follows:

	£'000	%
Programme expenditure	8,255	65
Staff costs	3,534	27
Other administration costs	989	8

This division of expenditure is illustrated in Figure 1 below, with expenditure incurred during 2000/01, 2001/02, 2002/03 and 2003/04 included for comparison.

Figure 1



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

	£'000	%
Objective 1 The Qualifications Framework	1,583	19
Objective 2 The School Curriculum and its assessment	4,160	50
Objective 3 Commissioning of classroom materials	2,315	28
Objective 4 Research and intelligence, information and publicity	197	3

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

The Authority's objectives

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



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



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



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.




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



Ensuring an increasingly effective and efficient organisation.

Objective 1:



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



Objective 1:

Developing a coherent and integrated qualifications framework and other policy developments

Key target:

To ensure the secure delivery of public examinations in Wales in 2004, including monitoring their delivery by the WJEC.

- This target was met in the summer of 2004 and the outcomes were reported to the Authority at its October meeting. No incidents occurred that affected candidates in Wales in a significantly adverse way. Following completion of the cycle of examinations ACCAC then focused on the secure delivery of examinations in 2005 and beyond.

Key target:

To undertake a joint review of vocational qualification provision and ensure the secure delivery of all vocational qualifications in Wales, including monitoring of awarding bodies.

- This work has been taken forward on a four-country basis with the

Governments and other partners in England (Qualifications and Curriculum Authority (QCA) and Learning Skills Council (LSC)), Northern Ireland (Council for the Curriculum, Examinations and Assessment (CCEA)), Scotland (Scottish Qualifications Authority (SQA)) and Wales (Education and Learning Wales (ELWa)) as well as the Sector Skills Development Agency (SSDA) with a UK-wide Steering Group overseeing the programme of work. Significant achievements to date include the review of National Occupational Standards and a comprehensive consultation on the review of the regulatory systems. The programme of work is in the process of being updated. The purpose of the review is to provide learners with qualifications that are world class and meet the needs of employers and industries.



Ensuring standards to secure public confidence

Key target:

To implement the revised arrangements for regulating external qualifications.

- In April 2004, the regulatory authorities (ACCAC, CCEA and QCA) published *The statutory regulation of external qualifications in England, Wales and Northern Ireland*. This document, which replaced the original version published in 2000, included a review of the National Qualifications Framework, and the regulatory criteria and common code of practice. From 1 September 2004 the number of levels in the revised National Qualifications Framework increased from six to nine and the qualification categories for general, vocationally related and occupational qualifications were removed. Alongside the revised National Qualifications Framework, a new website has been developed providing learners, tutors and

employers with information on accredited qualifications. The website can be accessed at www.openquals.org.uk

- ACCAC, in partnership with QCA and CCEA, also consulted, during the autumn of 2004, on proposed detailed arrangements for regulating external qualifications, building on the principles and criteria set out in *The statutory regulation of external qualifications in England, Wales and Northern Ireland*. Following that consultation, revised arrangements were phased in from spring 2005.

Key target:

To take forward the Credit and Qualifications Framework for Wales (CQFW) within wider UK and European developments.

- ACCAC has continued to work closely with ELWa and the Higher Education Funding Council for Wales (HEFCW) to take forward the CQFW. Significant progress has been made in several areas including formal and informal



learning and a number of projects are in development. The European Social Fund projects will continue to contribute to the revision of the Credit Common Accord during the latter part of 2005. ACCAC has remained in touch with developments in Europe and the UK through the Inter Country Credit Group and has had representation at two European Union events. ACCAC has worked proactively with partners in two devolved regions in Europe to develop an understanding of competence in vocational qualifications across our countries.

**Key target:
To support the Basic Skills Strategy.**

- ACCAC has provided advice to the Welsh Assembly Government on the overlap between Basic Skills at level 1 and the Key Skills of communication and application of number at level 1.

**Key target:
To establish working relationships with the emerging Sector Skills network in Wales.**

- ACCAC has established effective working relationships with the Sector Skills Development Agency and a number of Sector Skills Councils (SSC). Four Sector Skills Agreements are in place for e-skills, SEMTA, Constructions Skills and Skillset.

**Key target:
To implement revised arrangements for Key Skills qualifications.**

- Key Skills tests in Wales were removed from September 2004 following a Ministerial announcement in 2003. An independent evaluation programme has been established to determine the impact of the changes to the assessment. The revised Key Skills of application of number, communication and ICT at levels 1–4 were introduced in September 2004 and the Key Skills units in working with others,



improving own learning and performance and problem solving were accredited for piloting as full qualifications. The full set of six qualifications, now available in the suite of Key Skills qualifications, provide a valuable platform for achievement based on one national standard.

Support for Welsh-medium qualifications

Key target:

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

- The Authority submitted advice in 2003/04 on a strategy for providing financial support for Welsh-medium qualifications.
- Support for general qualifications, including GNVQs, VCEs and applied GCSEs and A levels, continues to expand in response to demand for new qualifications through the medium of Welsh.
- During this year ACCAC has established a strategic forum for

awarding bodies to share information relating to the provision of vocational qualifications through the medium of Welsh and dual language, and to support an increase in the number of vocational qualifications which are available to be assessed through the medium of Welsh/dual language.



Objective 2:

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



Objective 2:

Curriculum and learning 3 to 19-year-olds

Key target:

To continue the review of the National Curriculum for Wales and its assessment arrangements, following the Minister's response to ACCAC's advice and that of the Daugherty Assessment Review Group.

- The Minister of Education and Lifelong Learning responded to ACCAC's advice on the *Review of the school curriculum and assessment arrangements 5–16*. Work is now underway to plan and implement the revised curriculum and assessment arrangements. The main projects, covering curriculum, assessment and qualifications are listed below:
 - Review of National Curriculum Orders and the production of guidance to support the revised curriculum and assessment arrangements. The review of the Orders and the personal and social education (PSE) and religious education framework will be underpinned by a Skills Framework.
- Thinking Skills and Assessment for Learning: a programme is being planned that will identify and develop good practice in schools.
- The statutory tests at Key Stage 2 and Key Stage 3 will be phased out by 2006.
- Teacher assessment will be the main means of assessment and work is being undertaken to develop models at Key Stage 2 and Key Stage 3 to secure accuracy and consistency.
- Preliminary work was undertaken to inform the development of 'skills' tests for Year 5 pupils based in literacy (English and Welsh) numeracy and problem-solving.



Key target:

To ensure that the curriculum, assessment and qualifications help tackle patterns of lower achievement.

- Overall the Authority is increasingly working to ensure that all work includes all pupils. Inclusion is a particularly important aspect of the review of the school curriculum.
- Development work has been undertaken with a view to producing guidance to meet the needs of ethnic minority pupils. Guidance from this project will be launched in winter 2005.

Key target:

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

Foundation Phase: 3–7

- The draft *Framework for Children's Learning* has continued to be implemented in the pilot settings. It

is anticipated that guidance materials for the seven areas of learning will be distributed to the pilot settings from May 2005.

Learning Pathways: 14–19

- Within the Learning Pathways programme of work, further guidance has been produced for the Learning Core and a widespread consultation is to take place in summer 2005.
- The Authority has also supported the development of the Welsh Baccalaureate Qualification through advising on curriculum, assessment and qualifications issues and through membership of the steering and evaluation groups.

laith Pawb

- The Authority has undertaken various strands of work in relation to *laith Pawb* including:
 - formulating advice on the reasons why pupils shift from studying Welsh as a first language to a second language



- being tasked with producing guidance to aid raising standards in Welsh second language. Having carried out a consultation the guidance was revised. It is intended to distribute this guidance during 2005
- Similarly this process has also been followed to develop good practice on the use of Welsh in English-medium settings.

Key target:

To support a range of other Welsh Assembly Government initiatives.

- The Authority has continued to support the Welsh Assembly Government initiative which oversees the implementation of a national policy for sustainable development and global citizenship.
- In September 2003 the Minister for Education and Lifelong Learning launched guidance on *Developing the Curriculum Cymreig*. The guidance was designed to help teachers implement the Common Requirement for all pupils to develop and apply knowledge and understanding of the characteristics of Wales. In support of this guidance the Authority organised a national conference in November 2004. This conference was aimed at promoting the Curriculum Cymreig to English-medium primary schools.
- The Authority has continued to support the Physical Education and School Sport Task Force through advising on curriculum and assessment matters.
- In conjunction with partners the Authority has continued to take forward the Key Stage 2 Welsh immersion project supporting the immersion pilots.
- ACCAC provides support on curriculum and assessment matters for both NGfL Cymru and the Assembly's Advisory Panel on ICT in Schools.
- The Authority continues to be a member of the working group supporting implementation of the



National Modern Foreign Language Strategy and supporting the Key Stage 2 pilot in modern foreign languages.

- In conjunction with the BBC, a video and booklet was produced providing guidance on improving continuity and progression from Key Stage 2 to Key Stage 3. The materials were launched in November 2004 and then distributed in December 2004.
- Initial work on the development of thinking and learning skills at Key Stage 2 and Key Stage 3 is underway and this will be carried through to completion in 2006.

Religious education provision

- The Authority has finished its cycle of Optional Assessment Materials (OAMs) with completion of the religious education OAMs. A launch conference was held in December 2004.
- Updated guidance to Local Education Authorities on producing SACRE reports is at final draft stage pending publication.

Statutory assessment arrangements

Key target:

To ensure the continuing effectiveness of the statutory assessment arrangements.

- The 2004 test materials for Key Stage 2 and Key Stage 3 were issued to schools by the 30 April 2004 deadline.
- Marking of all scripts for Key Stage 2 and Key Stage 3 was undertaken with results and scripts completed and returned to schools by 5 July 2004.
- The Key Stage 3 *Statutory Assessment and Reporting Arrangements* booklets for 2005 were distributed to schools in November. Following receipt of the Minister of Education and Lifelong Learning's response to the Authority's advice on the revised National Curriculum that Key Stage 2 tests were no longer to be statutory in 2005 a revised *Statutory Assessment and Reporting Arrangements at Key Stage 2*



booklet was distributed to schools in February 2005. A similar booklet was also sent to Key Stage 1 schools.

Advising on the statutory approval of qualifications

Key target:

To submit advice on the approval of qualifications.

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





Objective 3:

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



Brawd - Bart

Mae'n amser lloeth
Pwy sy eisiau
lloeth?

Ych henn
Ers de blant
Dawch i newn
Lloethdorch i l
cappell / melli / a
Els nas i conf
Dudlith 4

Dyma Mr Ceffyl.

Bore da, Mr Ceffyl.
Sut wyt i?

Wedi blino.



Dyma

Bore da, Mrs Dafod.
Sut wyt i?



yfwch eich
aeth

Objective 3:

The 2004/05 commissioning programme

Key target:

Publish 88 per cent of the titles scheduled for publication in 2004/05.

- ACCAC published 93 per cent of scheduled titles. In all, 21 projects were completed with 208 titles being published.
- In 2004/05, the following **primary** school materials were published:

Core subjects

At primary level, seven Welsh reading-book CD-ROMs were published during the year. *Straeon Swynol*, a series of five disks based on popular Key Stage 1 reading books was published by B-DAG, whilst y Lolfa published the first two of a series based on the popular *Rwdlan* stories. Gwasg Gomer completed two projects: two boxes of first reading books *Dwi'n Darllen* and a pack of information cards *Cardiau Cywain Gwybodaeth* for

use by Key Stage 2 pupils. The publisher TTS Group was supported to produce Welsh versions of its popular *Skeleton Books*, aimed at improving literacy skills. The Aberystwyth resource centre Canolfan Astudiaethau Addysg (CAA), translated and published 30 more titles from the popular *PM Starters* series for Key Stage 1 Welsh (Special Educational Needs) pupils.

The Authority provided support for Active Designs to produce Welsh language labels for their science models for primary schools, and also to NFER-Nelson to provide Welsh language materials for their science thinking skills packs at Key Stage 1 and 2. CAA also produced a set of 400 bilingual science terminology flashcards for primary schools.

Foundation subjects

A major Key Stage 1 project was completed by CAA for Welsh second language, producing six story sacks for Key Stage 1 pupils, *Tipyn o Gês*, each including reading books, games, CD, soft toys and



puppets. Support was also provided to ACEN to republish their popular *Paent Gwlyb* series, for Key Stage 1. Several years ago, the Authority organised courses for potential authors of Welsh second language materials. Thirty reading books written during these courses were published this year by Gomer, as the *Llamu 'Mlaen* series.

Birchfield Interactive produced a bilingual history CD-ROM for primary school pupils *Transport by Land and Sea/Cludiant ar y Tir ac ar y Môr*.

Y Lolfa published a bilingual pack *Cerddtastic*, an introduction to the music of Wales. As well as the text, this includes two audio CDs and PowerPoint presentations for school assembly or class use.

To address the requirements of the PSE Framework, UWIC published an original pack in Welsh and English on *Active Citizenship*. The pack comprises of a video, photocopiable file, and CD-ROM.

- During 2004/05, the following **secondary** school materials were published:

Core subjects

SCYA/NFER published a book *Testun Trafod* based on Key Stage 3 Welsh test materials, which had been developed, but not actually used in tests. A joint project with the WJEC and BBC saw Gomer publish a *Bitesize* GCSE revision guide based on the BBC's online provision.

Gomer published *I'r Byw*, this 12 book series of reading books for reluctant Key Stage 3 and Key Stage 4 readers, comprises both adaptations and original texts. The RNIB Braille project continued to produce Welsh language Braille materials and for the first time, electronic CD-ROM materials were also produced in this project.

For Entry level Key Stage 4 pupils, CAA published an adaptation of an Edexcel mathematics text.

This year saw the continuation of the joint programme with the WJEC



to ensure that set texts on WJEC exam specifications are kept in print. Nine novels and dramas were reprinted and a new adaptation of Hamlet was published for the first time.

Foundation subjects

Year 8 materials for the very popular *Taith Iaith* course were published by CAA, who also published a four CD-ROM pack *Camau Cŵl* aimed at pupils starting to learn the Welsh language at secondary level. Again a joint project with the WJEC and BBC saw Gomer publish a Bitesize GCSE revision guide.

Birchfield Interactive also produced a bilingual history CD-ROM for Key Stage 3 pupils *Cymru/Wales c1000–1500*. At GCSE level, partnership with the WJEC led to Gomer publishing a Welsh version of a Heinemann text aimed at the WJEC history syllabus. For A level pupils, UWIC published a journal including translations of selected articles from school history journals.

The Authority provided support for Birchfield Interactive to produce Welsh language versions of their secondary school geography posters series. CAA published a translation of a popular GCSE revision text, and at A level they published a journal of articles for A level pupils.

Partnership with the WJEC led to Rhinegold publishing Welsh and English versions of an original guide to GCSE WJEC Music.



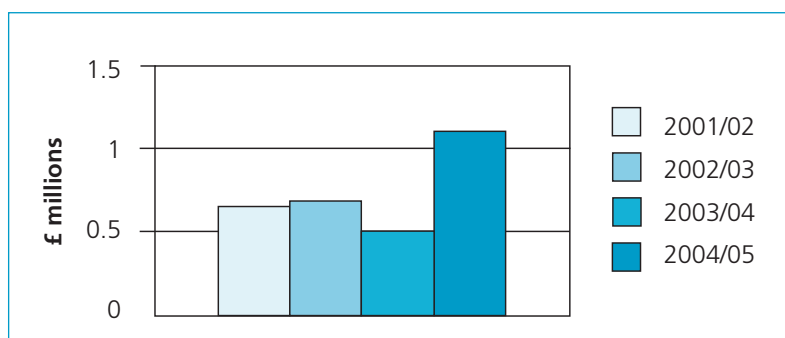
Key target:
Maintaining the gross sales of commissioned materials at a level of over £500,000 per year.

- Sales figures are collected every six months for completed projects. Figures for the last four years are shown in Figure 2 below.
- Sales figures have levelled off somewhat in recent years. This was to be expected now that the number of website projects has increased. The figure for 2004/05 was significantly higher as a consequence of the *laith Pawb* initiatives which provided £350 to each primary school to buy Welsh language materials.

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

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

Figure 2



The 2005/06 commissioning programme

Key target:

To develop the commissioning work to meet the expectations of the Welsh Assembly Government's Action Plan for a Bilingual Wales, *laith Pawb*, and the additional resources available from 2004/05.

- The *laith Pawb* funding for this financial year was used to provide £350 for each primary school to purchase commissioned Welsh language materials. The scheme was administered by the Welsh Books Council and led to an uptake from 99.7 per cent of schools in just five weeks.

Improving commissioning

Key target:

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

- Fifty-six new contracts were allocated during the year. This is the

highest number of new projects to be commissioned during any one year.

- During the year projects have been commissioned in conjunction with a number of partners including the WJEC, NGfL Cymru and S4C.
- A catalogue of commissioned materials was published each term to accompany the Authority's *Newsletter*. This included commissioned reviews of some of the materials, which can also be accessed on the Authority's website.
- A total of 363 titles are now catalogued on our new website in both English and Welsh.





The Authority's achievements 2004/05

Objective 4:

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



Objective 4:

Intelligence, research and statistics

Key target:

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

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

Key target:

To undertake research in collaboration with European partners.

- As a member of the Consortium of Institutions for Development and Research in Education in Europe (CIDREE), ACCAC has contributed to work focused on two areas. ACCAC authored an article on increasing the focus on skills in a

subject-based curriculum for the *CIDREE Yearbook* which was published in November 2004. A further project, focusing on low achievers, is in the final stages. The report on this work is scheduled for publication in 2005/06.

- ACCAC has participated in a European Association of Regional and Local Authorities for Lifelong Learning (EARLALL) project to investigate the recognition of competence in vocational qualifications in different countries.

Information and publicity

Key target:

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

- The Authority exhibited at the Education Wales Conference, the Urdd Eisteddfod in Anglesey and the National Eisteddfod in Newport.



- ACCAC produces three issues of *Newsletter* a year. Twenty-one thousand copies of each issue are distributed to schools and centres all over Wales. *Newsletter* allows teachers and others to keep abreast of the latest developments. It also helps the Authority to promote its latest guidance or for partners to publicise recent work. The *Resources for schools in Wales* publication, advertising the latest materials commissioned by ACCAC, is also distributed with *Newsletter*.
- ACCAC's Teachers' Association Forum, Awarding Bodies Forum, Higher Education Forum and All Wales Vocational Education Forum have all met on a regular basis allowing representatives to receive information first hand. This also allowed the Authority to gain valuable feedback.

Key target:

To further develop the website.

- The Authority launched its new website in September 2004. Users should find the new website, at

www.accac.org.uk, more accessible and user-friendly.

Specific initiative:

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

- In March 2005 five secondary schools learned they had won an award for improvement in their Key Stage 4 examination results. Barry Comprehensive School received the National Award for the school with the most improved Key Stage 4 examination results in 2004, as well as being the regional winner for South Wales for the second consecutive year. Eirias High School, Conwy received the National Award for the second most improved school. Three other regional awards went to: Mid and West Wales – Caereinion High School, Powys; South West Wales – Maesteg Comprehensive School, Bridgend; and South East Wales - Tredegar Comprehensive School, Blaenau Gwent.

Mr Wil Edmunds OBE, Chairman of ACCAC, commented:

'I would like to congratulate the award-winning schools and all those schools that entered. We must wholeheartedly thank HSBC for their sponsorship. The ACCAC/HSBC Bank scheme is unique to Wales and has run very successfully for the last nine years, with 80 per cent of all maintained secondary schools in Wales taking part for one or more years. Improvements in standards in our schools should be applauded at every level and this scheme is a way of acknowledging the excellent work being done across the country.'

- Publications issued by the Authority during 2004/05:

Corporate materials

ACCAC Annual report and accounts for the year ended 31 March 2004

Newsletter 20: June 2004

Newsletter 21: November 2004

Newsletter 22: March 2005

Resources for schools in Wales No 7:
June 2004

Resources for schools in Wales No 8:
November 2004

Resources for schools in Wales No 9:
March 2005

Materials on qualifications

GCSE, GCSE in Vocational Subjects, GCE, VCE, GNVQ and AEA Code of Practice 2004/05

National Qualifications Framework flyer

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

National Curriculum

Bridging the Gap: Developing and using bridging units to support effective transition from Key Stage 2 to Key Stage 3

Review of the school curriculum and assessment arrangements 5–16

Guidance material to support teacher assessment

Optional Assessment Materials for Religious Education at Key Stage 2

Optional Assessment Materials for Religious Education at Key Stage 3

Statutory assessment cycle 2005

Key Stage 1 Statutory Assessment and Reporting Arrangements for 2005

Key Stage 2 Statutory Assessment and Reporting Arrangements for 2005

Key Stage 3 Statutory Assessment and Reporting Arrangements for 2005

Key Stage 2 English tasks 2005*

Key Stage 2 Welsh tasks 2005*

Key Stage 3 Welsh tasks 2005*

Key Stage 2 tests in Welsh*, English*, science, mathematics 2005

Key Stage 3 tests in Welsh*, English*, science, mathematics 2005

Statutory assessment cycle 2004

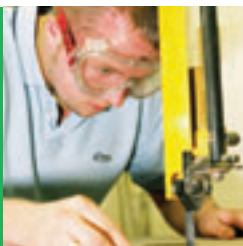
Key Stage 2 Level Boundary leaflet

Key Stage 3 Level Boundary leaflet

*Key Stage 2 Implications for Teaching and Learning – Welsh**

*Key Stage 2 Implications for Teaching and Learning – English**

Key Stage 2 Implications for Teaching and Learning – science



Key Stage 2 Implications for Teaching and Learning – mathematics

*Key Stage 3 Implications for Teaching and Learning – Welsh**

*Key Stage 3 Implications for Teaching and Learning – English**

Key Stage 3 Implications for Teaching and Learning – science

Key Stage 3 Implications for Teaching and Learning – mathematics

Key Skills materials

Key Skills tests (June 2004)

Key Skills tests (November 2004)

Key Skills re-sits (January 2005)

Key Skills bank of tests

Key Skills specifications – Safonau'r sgiliau allweddol

Key Skills guidance – Arweiniad ar unedau'r sgiliau allweddol

Wider Key Skills guidance - Arweiniad ar unedau'r sgiliau allweddol ehangach

Wider Key Skills standards - Safonau'r sgiliau allweddol ehangach

Research and other materials

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

* only available in stated language



The Authority's achievements 2004/05

Objective 5:

Ensuring an increasingly effective and efficient organisation.



Objective 5:

Corporate planning, monitoring and governance

Key target:

To maintain sound strategic and corporate planning arrangements.

- The *Corporate Plan for 2005–2008* and *Operational Plan for 2005/06* were approved by the Minister for Education and Lifelong Learning. Both are available on the ACCAC website.
- The Accounts for the year ended 31 March 2004 were approved by the Authority in July 2004 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 2004.

Key target:

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

- The Authority has continued to maintain sound corporate governance procedures.

Key target:

To implement the Quinquennial Review Action Plan.

- Every five years, the Welsh Assembly Government is required to review the purpose and effectiveness of all ASPBs. In 2003, the Welsh Assembly Government held its review of ACCAC. The Authority participated fully in the review and the Education and Lifelong Learning and Finance and the Local Government and Public Services Ministers received the final report in March 2004. Following consideration of the recommendations by Ministers, the Education and Lifelong Learning Committee and Authority Members, an Action Plan has been devised and implementation began in summer 2004. Further consideration is being given to the Action Plan in light of the Minister's announcement in November 2004 that the Authority would be merged with the Assembly.



Financial control and value for money

Key target:

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

- The Authority has continued to comply with the requirements of the Financial Memorandum and good accounting practice.
- The Authority paid 99 per cent of undisputed invoices within 30 days.

Staffing and personnel management

Key target:

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

- In the autumn of 2004, the Authority embarked on raising awareness and equality by providing training for all staff. This was delivered to all staff during October and November 2004. In view of the merger with the Welsh Assembly Government on 1 April 2006 no awareness training has been given

to Authority members or to members of selection panels.

- A feasibility study of Castle Buildings has been undertaken to consider adaptation of the premises, if and when appropriate, to facilitate access for disabled people.

Key target:

To maintain Investors in People accreditation.

- ACCAC gained re-accreditation to the Investors in People (IiP) standard in September 2003. IiP is a national standard which reflects good practice for training and development of staff. Benefits for staff include increased motivation, improved management and communication and higher morale which lead to continuous improvement. The Authority is committed to maintaining this standard, and will be applying for further re-accreditation in 2005/06.



Accommodation and central services

Key target:

To review accommodation requirements beyond 2005 by June 2004.

- The Authority provided a business case to the Welsh Assembly Government in August 2004. This was subsequently accepted. The business case took into consideration the Assembly's policy for relocation of civil service posts outside Cardiff, sustainable development and work/life balance issues.

Key target:

To achieve accreditation to Level 1 of the Green Dragon Award Scheme, and further review what action to take on sustainable development.

- During the year, an environmental review was undertaken, covering such areas as energy, transport, waste and pollution. In 2004/05, the Authority agreed a policy and improvement plan. This work enabled ACCAC to gain its Level 1

Green Dragon award in November 2004. The Authority is committed to sustainable development and intends to continue this work in the future.

Information systems and communications

Key target:

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

- The Authority has continued to take forward its strategy. However, in light of the merger, the Authority decided not to proceed with implementing an electronic records management system.

John V Williams

Chief Executive
Accounting Officer
7 July 2005





Accounts 2004/05

Accounts for the year ended
31 March 2005





Foreword to the accounts for the year ended 31 March 2005

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

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

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

Principal activities

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

Research and development

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

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 <i>retired 30 September 2004</i>	Mr Rob Fowler
Mr Wil Edmunds OBE – Chairman <i>appointed 1 October 2004</i>	Mrs Janet Kingston
Mr Owen Rees CB – Deputy Chairman	Mrs Louise Lynn
Mrs Eileen Davies – <i>retired 30 September 2004</i>	Dr Pauline Peregrine
Mrs Sandra Davies OBE	Dr Bryn Roberts
Mrs Katija Dew	Mr Nigel Roberts
Mrs Jennifer Evans	Mrs Sandra Skinner
	Mrs Linda Wyn

Further details are set out in the Annual Report.

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

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

Results for the year

The Authority made a deficit for the year of £143,000 (year ended 31 March 2004 – surplus of £187,000). This amount has been transferred from reserves. Gross income credited to the income and expenditure account for the year was £12,635,000 (2003/2004 – £12,096,000).

At 31 March 2005, there were net assets of £202,000 (31 March 2004 – £441,000), and there was a deficit on the income and expenditure account of £219,000 (31 March 2004 – £76,000).

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 tests. In addition, some work is ongoing at the year end which ultimately leads to a payment being made by the Authority some months after the year end, for example, the provision of financial support for Welsh-medium qualifications. Whilst a large number of payments are made immediately prior to the year end (amounting to in excess of £2,500,000 in March each year), the creditors figure at any year end is

Foreword to the accounts for the year ended 31 March 2005

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

On 30 November 2004, the First Minister announced that the Authority's work would be incorporated directly into the Welsh Assembly Government. It has been decided that this will take effect from 1 April 2006. During 2004/05 preliminary work has been underway to ensure the necessary arrangements are in place to effect a smooth transfer of operations from this date. This work will continue throughout 2005/06, whilst maintaining business as usual.

The First Minister had also announced previously, on 14 July 2004, that the Welsh Development Agency, The National Council for Education and Training for Wales, and the Wales Tourist Board would be merged with the National Assembly for Wales on 1 April 2006.

The Welsh Assembly Government gave an initial assessment of the costs and benefits of the first phase of mergers in the consultation document issued on 19 January 2005. This suggested that mergers could produce ongoing savings of some £10 million per annum from 2009, and that an additional budgetary requirement of some £10 to £12 million would be needed over the next five to six years. These provisional estimates excluded any staff related investment which might be necessary. Furthermore, the Welsh Assembly Government agreed, during a debate on 13 June 2005, to announce further information on merger costs in December 2005.

Fixed assets

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

Employment policy

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

Payment policy

The Authority is fully committed to the prompt payment of its bills, and supports the CBI's Better Payment Practice Code. The Authority aims to pay all undisputed bills in accordance with agreed contractual conditions or, where no such conditions exist, within 30 days of receipt of goods and services or the presentation of a valid invoice, whichever is the later. The Authority has established procedures to monitor its performance on the prompt payment of bills. During the year, the Authority paid 99 per cent (2003/04 – 97 per cent) of undisputed bills within 30 days.

Auditors

The accounts of the Authority are audited by the Auditor General for Wales in accordance with paragraph 17 of Schedule 5 to the Education Act 1997. The auditors' remuneration for the year for audit work was £15,000 (2003/04 - £14,750). In addition, they received £3,408 inclusive of VAT (2003/04 - £3,290) for other services, being the provision of additional assurance work.

John V Williams

Chief Executive
Accounting Officer
7 July 2005

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

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

In preparing the accounts the Authority is required to:

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

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

Statement on internal control

Scope of responsibility

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

The purpose of the system of internal control

3. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Authority for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

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

Statement on internal control

The risk and control framework

7. A high level, Authority-wide Risk Register is in place. This includes the key risks facing the Authority. Responsibility for the management of key risks is allocated to individual managers or collectively to the Senior Management Team.
8. The Risk Register is updated annually. It is drawn up and refined in conjunction with the development of the annual Operational Plan.
9. The annual Operational Plan is supported by a system of team targets, the layout of which includes columns which rank risks in terms of impact and likelihood. The team targets log all significant areas of work to be undertaken each year. Thus, risk management is embedded in the organisation – with the targets being developed as part of the planning system, monitored and discussed regularly at team meetings, and reported upon on a quarterly basis.
10. The Authority's statutory role and remit is tightly defined. The Authority is keen to be innovative where appropriate, e.g. in providing advice on the National Curriculum, the development of assessment materials, the development of new qualifications (e.g. the Welsh Baccalaureate), and in commissioning Welsh-medium and bilingual classroom materials. To do this effectively, inevitably, involves risk. On the other hand, the secure delivery and marking of the national tests and of qualifications are critical areas where risk has to be managed very closely and minimised. Separate Risk Registers were maintained during 2004/05 for the development of statutory tests.
11. Divisions and teams submit an executive summary to my office each quarter, which detail progress against team targets, and summarise significant achievements and risks, together with steps being taken to address those risks.
12. The Risk Register is reviewed quarterly by the Senior Management Team, and updated where necessary to reflect the current position in respect of each risk. Any significant new risks identified are added. The situation is also reviewed on a quarterly basis by the Authority.

Review of effectiveness

13. As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the staff within the Authority who have responsibility for the development and maintenance of the internal control framework, comments made by the external auditors in their

management letter and other reports, and by my own knowledge. On this basis, I am satisfied with the current arrangements. They will nevertheless be kept under active review.

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

John V Williams

Chief Executive
Accounting Officer
7 July 2005

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

I certify that I have audited the financial statements on pages 60 to 76 under the Education Act 1997. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 63 to 65.

Respective responsibilities of the Authority, the Chief Executive and Auditor

As described on page 54, the Authority and Chief Executive are responsible for the preparation of the financial statements in accordance with the Education Act 1997 and National Assembly for Wales directions made thereunder, and for ensuring the regularity of financial transactions. The Authority and Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

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

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

I review whether the statement on pages 55 to 57 reflects the Authority's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

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

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

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Qualifications, Curriculum and Assessment Authority for Wales at 31 March 2005 and of the deficit, 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.

Jeremy Colman

Auditor General for Wales
3 August 2005

Wales Audit Office
2-4 Park Grove
Cardiff
CF10 3PA

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

Income and expenditure account for the year ended 31 March 2005

	Notes	2004/05 £'000	2003/04 £'000 (As restated)
Gross income			
Grant-in-aid	2	12,455	11,846
Release from Government Grant Reserve	11	130	125
Other operating income	3	50	125
		12,635	12,096
Expenditure			
Programme expenditure	4	8,255	7,742
Staff costs	5	3,534	3,227
Administration expenditure	6	859	816
Depreciation	7	130	123
Notional cost of capital		9	8
		12,787	11,916
(Deficit)/surplus on operating activities		(152)	180
Loss on disposal of fixed assets		–	(1)
Interest receivable		14	8
Adjustment for notional cost of capital		9	8
(Deficit)/surplus for the financial year		(129)	195
Appropriations			
Amounts surrenderable to the National Assembly for Wales	8	(14)	(8)
(Deficit)/surplus on grant-in-aid activities for the financial year		(143)	187
Statement of retained deficit			
Retained deficit brought forward		(76)	(263)
(Deficit)/surplus for the year		(143)	187
Retained deficit carried forward		(219)	(76)

All of the above figures derive from continuing activities.

Statement of total recognised gains and losses for the year ended 31 March 2005			As restated
(Deficit)/surplus for the year		(143)	187
Movement in Government Grant Reserve	11	(96)	(56)
Total recognised gains and losses relating to the year		(239)	131
Prior year adjustment	1.10	(18)	
Total gains and losses recognised since last annual report		(257)	

The notes on pages 63 to 76 form part of these accounts.

Balance sheet

as at 31 March 2005

	Notes	31 March 2005 £'000	31 March 2004 £'000 (As restated)
Fixed assets			
Tangible assets	7	421	517
Current assets			
Debtors	9	142	148
Cash in bank and in hand	16b	169	223
		311	371
Creditors			
Amounts falling due within one year	10	(530)	(447)
Net current liabilities		(219)	(76)
Total assets less current liabilities		202	441
Financed by:			
Capital and reserves			
Government grant reserve	11	421	517
Income and expenditure account		(219)	(76)
Total Government Funds	12	202	441

The notes on pages 63 to 76 form part of these accounts.

John V Williams
Chief Executive
Accounting Officer
7 July 2005

Cash flow statement

for the year ended 31 March 2005

	Notes	2004/05 £'000	2003/04 £'000 (As restated)
Net cash (outflow)/inflow from operating activities	16a	(54)	41
Returns on investments and servicing of finance			
Interest received		15	8
Amounts paid to the National Assembly for Wales		(15)	(10)
Capital expenditure			
Payments to acquire tangible fixed assets		(34)	(73)
Receipts from the sale of tangible fixed assets		-	1
Financing			
Capital grants received	16c	34	69
(Decrease)/increase in cash	16b	(54)	36

The notes on pages 63 to 76 form part of these accounts.

Notes to the accounts

for the year ended 31 March 2005

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

1.2 Fixed assets

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

1.3 Depreciation

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

Leasehold improvements – over the remaining period of the lease

Licence improvements – over the initial period of the licence (see note below)

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

Office equipment – over 6 years

Computer equipment – over 3 years.

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

The Authority 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

Notes to the accounts for the year ended 31 March 2005

note 15). Improvements to the area the subject of the licence agreement were depreciated by equal instalments over the initial period of the licence, which expired on 24 June 2005.

1.4 Other operating income

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

1.5 Government grants

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

1.6 Pension costs

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

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

1.7 Value Added Tax (VAT)

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

1.8 Cost of capital

As directed by the National Assembly for Wales, a notional capital charge reflecting the cost of capital employed is included in operating costs and calculated at 3.5 per cent (year ended 31 March 2004 – 3.5 per cent) of capital employed.

1.9 Research and development

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

1.10 Prior year adjustment – stock of publications

In previous years, the stock of publications was valued in the balance sheet at the lower of cost and net realisable value. The policy has been changed during the year and the cost of printing publications is written off to the income and expenditure account in the year in which the expenditure is incurred. This policy is now deemed to be more appropriate given that the majority of the publications are available on the Authority's website. Due to the change in the accounting policy, prior year figures have been restated. The net effect of this adjustment has been to increase the reported retained deficit brought forward as at 1 April 2004 (of £58,000), by £18,000, to £76,000. In addition, the reported surplus for 2003/04 (of £205,000), has been reduced by £18,000, to £187,000.

2. Grant-in-aid

	2004/05 £'000	2003/04 £'000
Amount receivable from the National Assembly for Wales	12,489	11,915
Amount provided for purchase of fixed assets	(34)	(69)
Grant-in-aid credited to the income and expenditure account	12,455	11,846

3. Other operating income

	2004/05 £'000	2003/04 £'000
Sales of publications	18	37
Royalty income	25	26
Miscellaneous	7	62
	50	125

4. Programme expenditure

Objective	2004/05 £'000	2003/04 £'000 (As restated)
1 – Developing a coherent Qualifications Framework	1,583	1,401
2 – Developing a coherent and integrated curriculum and assessment framework for schools	4,160	4,758
3 – Commissioning of classroom materials	2,315	1,306
4 – Research and intelligence; information and publicity	197	277
	8,255	7,742

Notes to the accounts

for the year ended 31 March 2005

5. Staff costs

	2004/05 £'000	2003/04 £'000
Authority staff:		
Salaries and wages	2,839	2,576
Social security costs	233	204
Other pension costs	407	375
	3,479	3,155
Casual staff costs	55	72
	3,534	3,227

Staff numbers

	2004/05 Number	2003/04 Number
The average monthly number of employees during the year was:		
Management	5	5
Professional and technical	34	31
Support	55	56
	94	92

5. Staff costs (continued)

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

Name	Salary, including performance pay (£k)	Benefits in kind (nearest £100)	Real increase in pension and related lump sum at age 60 (£k)	Total accrued pension at age 60 and related lump sum (£k)	Cash equivalent transfer value (CETV) at 31/3/04 (nearest £k)	CETV at 31/3/05 (nearest £k)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £k)
Wil Edmunds <i>Chairman</i> (appointed 1 October 2004)	16	1	non-pensionable	non-pensionable	non-pensionable	non-pensionable	non-pensionable
Brian Connolly <i>Chairman</i> (retired 30 September 2004)	16	–	retired 30 Sept 04	retired 30 Sept 04	retired 30 Sept 04	retired 30 Sept 04	retired 30 Sept 04
Owen Rees <i>Deputy Chairman</i>	7	–	non-pensionable	non-pensionable	non-pensionable	non-pensionable	non-pensionable
John V Williams <i>Chief Executive</i>	74	–	0–2.5 plus 0–2.5 lump sum	25–30 plus 85–90 lump sum	452	485	8
Linda Badham <i>Assistant Chief Executive</i> (14–19 Qualifications and Curriculum)				Disclosure withheld			
Huw Davies <i>Assistant Chief Executive</i> (Central Services and Commissioning)				Disclosure withheld			
Ann Evans <i>Assistant Chief Executive</i> (Vocational Qualifications and Lifelong Learning)				Disclosure withheld			
Roger Palmer <i>Assistant Chief Executive</i> (5–14 Curriculum and Assessment)				Disclosure withheld			

Notes to the accounts

for the year ended 31 March 2005

5. Staff costs (continued)

Member's name	Remuneration (£'000)
Mrs Eileen Davies (retired 30 September 2004)	-
Mrs Sandra Davies	3
Mrs Katija Dew	-
Mrs Jennifer Evans	3
Mr Rob Fowler	3
Mrs Janet Kingston	3
Mrs Louise Lynn	3
Dr Pauline Peregrine	3
Dr Bryn Roberts	3
Mr Nigel Roberts	3
Mrs Sandra Skinner	1
Mrs Linda Wyn	3

These appointments are non-pensionable. Benefits in kind amounting to a total of £1,959 were paid in respect of the above Members. This sum represents tax and national insurance contributions due on Members' expenses for attending Authority and Committee meetings.

Salary

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

Benefits in kind

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

Authority Members

The Chairman is contracted to work two days per week and the Deputy Chairman for two days per month.

Two former Chairmen have pension arrangements analogous to that of the Civil Service Pension arrangements. The pension payments are paid by the Authority out of grant-in-aid funding provided by the National Assembly for Wales.

5. Staff costs (continued)

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 31 March 2006, when the Authority will be merged with the National Assembly for Wales.

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 remuneration paid to the Chief Executive in 2004/05 comprised of a gross salary of £67,104 plus a non-consolidated bonus of £7,046 (2003/04 – gross salary £65,792, plus a non consolidated bonus of £4,757).

Pension

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

For 2004/05, employers' contributions of £407,000 were payable to the PCSPS (2003/04 £375,000) at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The rates will increase from 2005/06, when they will range from 16.2 per cent to 24.6 per cent of pensionable pay. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

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

Notes to the accounts for the year ended 31 March 2005

5. Staff costs (continued)

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of three per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement). No contributions were made to the partnership pension account during the year (2003/04 – nil).

The penultimate two columns of the table on page 67 shows the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. The final column reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

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

to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

6. Administration expenditure

	2004/05 £'000	2003/04 £'000
Members' travel subsistence and hospitality	12	9
Other Authority related costs	11	11
Accommodation	330	301
Employees' travel and subsistence	146	154
Office costs	190	166
Recruitment and training of staff	85	104
Professional fees	50	47
Auditors' remuneration – audit work	15	15
– additional assurance work	3	3
Other	17	6
	859	816

7. Tangible assets

	Leasehold and licence improvements £'000	Fixtures and fittings £'000	Office equipment £'000	Computer equipment £'000	Total £'000
Cost or valuation:					
At 1 April 2004	471	89	241	395	1,196
Additions	–	–	–	34	34
Disposals	–	–	–	(50)	(50)
At 31 March 2005	471	89	241	379	1,180
Depreciation:					
At 1 April 2004	195	39	127	318	679
Charge for year	48	8	28	46	130
Disposals	–	–	–	(50)	(50)
At 31 March 2005	243	47	155	314	759
Net book value:					
At 31 March 2005	228	42	86	65	421
At 1 April 2004	276	50	114	77	517

Notes to the accounts

for the year ended 31 March 2005

8. Amounts surrenderable to the National Assembly for Wales

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

	2004/05 £'000	2003/04 £'000
Amounts surrenderable to the National Assembly for Wales	14	8

9. Debtors and prepayments

	2004/05 £'000	2003/04 £'000
Amounts falling due within one year:		
Debtors	42	40
Prepayments	100	108
	142	148

The above amounts include the following balances:

	2004/05 £'000	2003/04 £'000
Central Government bodies	4	3

10. Creditors: Amounts falling due within one year

	2004/05 £'000	2003/04 £'000
Creditors and accruals	530	447

The above amounts include the following balances:

	2004/05 £'000	2003/04 £'000
Central Government bodies	2	2
Non departmental public bodies	5	5
	7	7

11. Government Grant Reserve

	2004/05 £'000	2003/04 £'000
At 1 April	517	573
Capital grant-in-aid received during the year	34	69
Released to the income and expenditure account during the year	(130)	(125)
At 31 March	421	517

12. Reconciliation of movement in Government funds

	2004/05 £'000	2003/04 £'000
Retained (deficit)/surplus for the year	(143)	205
Movement in Government Grant Reserve	(96)	(56)
(Decrease)/increase in Government funds for the year	(239)	149
Government funds at 1 April	441	310
Prior year adjustment	–	(18)
Government funds at 31 March	202	441

Government funds as at 1 April as previously reported of £459,000 have been reduced by the prior year adjustment of £18,000 (see Note 1.10)

13. Capital commitments

	31 March 2005 £'000	31 March 2004 £'000
Contracted	–	–

Notes to the accounts for the year ended 31 March 2005

14. Merger with the Welsh Assembly Government

As referred to in the Foreword, the First Minister announced on 30 November 2004 that the Authority's work would be incorporated directly into the Welsh Assembly Government. It has been decided that this will take effect from 1 April 2006. During 2004/05 preliminary work has been underway to ensure the necessary arrangements are in place to effect a smooth transfer of operations from this date. This work will continue throughout 2005/06, whilst maintaining business as usual.

At the time of signing these accounts, a number of uncertainties exist, particularly in respect of staffing arrangements. Consequently, the Authority is unable to establish with any certainty a reliable estimate of any merger related costs which may be incurred in the future.

No material merger related expenditure has been incurred in 2004/05.

15. Operating leases

	2004/05 £'000		2003/04 £'000	
(a) Amounts charged to the income and expenditure account for operating lease payments	308		286	
	31 March 2005		31 March 2004	
	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	6	15	–	15
Within two to five years	116	4	–	4
After more than five years	144	–	271	–
	266	19	271	19

16. Notes to the cash flow statement

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

	2004/05 £'000	2003/04 £'000 (As restated)
(Deficit)/surplus on operating activities	(152)	180
Depreciation charge	130	123
Notional cost of capital charge	9	8
Release from government grant reserve	(130)	(125)
Decrease in stock	–	44
Decrease in operating debtors	8	20
Increase/(decrease) in operating creditors	81	(209)
Net cash (outflow)/inflow from operating activities	(54)	41

b) Analysis of changes in cash during the year:

	2004/05 £'000	2003/04 £'000
Balance at 1 April	223	187
Cash (outflow)/inflow	(54)	36
Balance at 31 March	169	223

c) Analysis of changes in financing during the year:

	2004/05 £'000	2003/04 £'000
Government Grant Reserve:		
At 1 April	517	573
Cash inflow from financing	34	69
Transfer to income and expenditure account	(130)	(125)
At 31 March	421	517



Notes to the accounts

for the year ended 31 March 2005

17. Financial Reporting Standard Number 13: Derivatives and Other Financial Instruments

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

18. Related party transactions

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

During the year, the Authority:

- entered into certain transactions with third parties in conjunction with the Qualifications and Curriculum Authority, who are sponsored by the Department for Education and Skills; and
- entered into a contract with PPI Tribal Limited for survey work on GCSEs in applied subjects and other vocational qualifications. The contract was let by competitive tender, and the total contract sum was £13,982. The company used the services of one of the Authority Members, Mrs Sandra Davies, as an educational consultant on the contract. She received an amount of £2,500 for this work. Her position as a Member of the Authority was declared at the time of submitting the tender, and she was not involved in the process of letting the contract in any way.