



**The Quality Assurance Agency  
for Higher Education**

**Annual Report and Financial  
Statements**

**2024-2025**

SATURDAY



\*AEHBZRM3\*

A07

13/12/2025

#230

COMPANIES HOUSE

## Contents

Foreword from Christian Brodie, Chair of QAA Board .....	1
<b>Strategic Report</b> .....	<b>4</b>
Purpose of QAA .....	4
<b>What we do</b> .....	<b>4</b>
Standards .....	4
Assurance and enhancement .....	6
International .....	8
Leadership .....	9
Looking ahead .....	11
<b>Financial review</b> .....	<b>11</b>
Results .....	11
Income .....	12
Expenditure .....	12
Balance sheet .....	12
Reserves policy .....	13
Treasury management .....	13
<b>Directors' Report</b> .....	<b>14</b>
Structure, governance and management .....	14
Governance .....	15
Organisational structure .....	20
Reference and administrative details .....	22
<b>Independent Auditor's Report to the Members and the Trustees of The Quality Assurance Agency for Higher Education</b> .....	<b>25</b>
Statement of financial activities for the year ended 31 July 2025 .....	29
Balance sheet as at 31 July 2025 .....	30
Statement of cash flows for the year ended 31 July 2025 .....	31
<b>Notes to the financial statements for the year ended 31 July 2025</b> .....	<b>32</b>
<b>Glossary</b> .....	<b>54</b>

## **Foreword from Christian Brodie, Chair of QAA Board**

It has been my pleasure this year to return to the tertiary education sector as QAA's new Chair, taking over from Simon Gaskell after his six years of very distinguished service to the Agency.

Three things above all struck me about today's QAA as I joined its Board. First, it is a radically different Agency from that of, say, a decade ago: it is leaner, far more dynamic, and resolutely forward-facing. Second, the scope and variety of its work is remarkable, with distinct remits in each of the nations of the UK and with a carefully observed dividing line between its regulatory and quasi-regulatory functions on the one hand and its advisory and commercial work on the other. Third, on the global stage, QAA is an essential, and often the most visible, part of the UK higher education sector as seen from overseas - not only by governments and quality bodies but also, crucially, by universities and students.

QAA has completed an internal restructure with the serious purpose of ensuring that the Agency is ready to respond to the sector's needs not just now but in the decade ahead. This is no small undertaking given the continuing financial pressure across the UK tertiary sector, and given the scale of challenges and opportunities presented by rapidly developing AI technology: we are at a fascinating point where fundamental questions are repeatedly posed about the proper purpose, content and delivery mechanisms of education at all levels in a future economy and society that will look very different from today's. These are stimulating times, but not easy ones, when the sector needs the expertise of an independent and impartial quality body more than ever.

Vicki's foreword surveys the spread of QAA's work in more detail; for my part, I am already pleased to be reacquainting myself with colleagues across the sector and look forward very much to playing my part in helping to steer QAA in the years ahead.

## **Foreword from Vicki Stott, QAA Chief Executive**

It is with immense pride that I introduce the Quality Assurance Agency for Higher Education's Annual Report for 2024-25. This year has been one of transformation, resilience and impact. In a landscape where financial pressures continue to challenge the tertiary education sector across the UK, QAA has remained steadfast in its mission to safeguard and enhance quality, both at home and abroad. Our work has not only responded to the needs of our members but has also shaped the future of tertiary education through innovation, collaboration and influence.

This has been the first year of our delivery of the Nursing and Midwifery Council (NMC) contract, a very significant undertaking for the Agency. The team has risen to the scale and complexity of the work, delivering high-quality assurance outputs that have enabled regulatory decision-making and begun the process of delivering real improvements to the learning experience of nursing and midwifery students UK-wide. We are working collaboratively with the NMC to deliver further enhancements over the coming years of the contract, utilising our expertise to support the NMC in addressing their strategic challenges.

This academic year also marked the first steps of the new Tertiary Quality Enhancement Review (TQER) method in Scotland, a cornerstone of the Scottish Funding Council's vision for a unified tertiary sector. At the time of writing, the first university and college have undergone their reviews, and have offered us positive feedback about their experience. The launch of Scotland's Tertiary Enhancement Programme (STEP) Supporting Diverse Learner Journeys has fostered collaboration across the tertiary sector, with strong engagement from colleges and universities alike.

This year also we conducted an organisational restructure - One QAA - to invest in the future of the Agency and our capability to deliver for the sector and its students. Designed to resource and enhance our responsiveness to sector needs, the restructure has integrated our domestic and international delivery, bolstered our regulatory team capacity, and enhanced our marketing and engagement functions. I am excited to see QAA teams maximise the opportunity that this new structure and renewed focus gives them to deliver high impact and valued work for our stakeholders in the UK and across the globe and I am, as ever, profoundly grateful to my colleagues for their commitment and resilience through the change process. We look forward to being more responsive and agile in meeting the needs of the sectors we serve, as they address the considerable challenges they are facing.

Internationally, QAA's influence continues to grow. We renewed memorandums of understanding with key agencies in Thailand, Malaysia, Kazakhstan, Mauritius and Ukraine, strengthening our global partnerships and expanding our reach. Our participation in major international forums - from the International Network for Quality Assurance Agencies in Higher Education (INQAAHE) conference in Tokyo to the Education World Forum in London - has built further on QAA's position as a thought leader in transnational education (TNE) and quality assurance. Our international accreditation work continues to thrive, with 26 institutions engaged in the International Quality Review process - up from 16 last year. The UAE and wider Middle East remains a region of great importance to QAA and to UK higher education, and we are seeing growing interest from West Africa, Southeast Asia and Central Asia.

The delivery of seven projects commissioned by the Department for Business and Trade, examining barriers and opportunities for TNE across multiple regions, has consolidated our profile as a trusted adviser to government, which will be increasingly important as the new International Education Strategy is published.

QAA's policy influence has been particularly impactful this year at a time when the new Westminster Government have embarked on their higher education reform agenda. Our expertise has been recognised by the Department for Education (DfE), with QAA contributing to policy development on franchising, lifelong learning and higher education reform more widely. Our work on credit transfer has been reflected in recent DfE announcements on the lifelong learning entitlement, and our sector roundtables on partnership provision have positioned QAA as a leading voice in this space.

In the devolved nations, we have deepened our engagement with governments and stakeholders. In Wales, our collaboration with Estyn and Medr has advanced the development of a cohesive quality framework. In Northern Ireland, we have supported the sector through workshops, conferences and the implementation of the new UK Quality Code. Our representation on Bologna Process working groups, facilitated through both the Scottish and UK governments, ensures that the UK's voice continues to be heard in international policy forums, including in relation to remaining aligned with European standards.

Throughout this year, we have remained focused on delivering value to our members. Despite financial constraints in the sector, our membership numbers have held strong, and engagement with our networks and events has often been exceptional. From the PVC Strategy Summit to the Student Engagement Festival, QAA has provided platforms for dialogue, learning and innovation.

As we look ahead, we do so with confidence and ambition. The foundations laid this year - through strategic partnerships, policy influence and organisational transformation - position QAA to continue leading the UK sector in quality assurance and enhancement, and to continue to advocate for and support UK higher education on the global stage, as a world-leading quality agency. I am deeply proud of what we have achieved together and grateful to colleagues, members and partners for their support in everything we do.

## Strategic report

QAA works across the whole of the UK. Each country has a distinct and separate set of quality arrangements, so QAA works with regulators, funding agencies, higher education institutions, students and other stakeholders across the UK to deliver tailored approaches.

### Purpose of QAA

QAA is a world-leading quality agency with unmatched experience of providing impartial regulatory and collaborative quality assurance and enhancement. Our purpose is to ensure that students and learners experience the highest possible quality of education. To achieve this, we support universities and colleges in working with students and learners, governments, funders and regulatory bodies to evidence and enhance the excellent quality and high standards of the education they provide.

We work towards a greater public understanding - domestically and internationally - of how excellent quality is demonstrated in UK higher education, and how autonomous providers both assure its delivery and address weaknesses.

Our work safeguards the value of qualifications for students and learners, and protects and promotes the reputation of higher education. It falls into four categories: standards, assurance and enhancement, international, and leadership.

## What we do

### Standards

Standards are a core pillar of QAA's work. QAA develops, and is the custodian of, a suite of UK-wide sector reference points that act as standards for quality across tertiary education.

Following the publication in 2024 of the new UK Quality Code, this year has seen the launch of the first three pieces of Quality Code Advice and Guidance for Sector-Agreed Principles 1, 2 and 8: Taking a strategic approach to managing quality and standards; Engaging students as partners; and Operating partnerships with other organisations respectively. The Advice and Guidance is structured under the Sector-Agreed Principles of the UK Quality Code and is designed to support new and existing providers in meeting its mandatory requirements. It has been developed in partnership with the higher education sector, with colleagues from across providers, mission groups, funder/regulators and sector bodies and networks all contributing to the Advice and Guidance, making it a truly sector-owned endeavour that will ensure its currency, applicability and longevity.

*"Being involved in developing the advice and guidance has been a great opportunity to further my understanding and engagement with the new Quality Code. To really think about how it can be used to support our assurance and enhancement work locally and how our approach might evolve and develop over time. It has also been a fantastic opportunity to connect with colleagues across the UK, to hear different perspectives, and learn about different approaches and practices, to stretch my own thinking and support my development." (Mark Charters, Head of Learning and Teaching, Glasgow School of Art)*

Advice and Guidance on the remaining nine Sector-Agreed Principles will be published during 2025-26.

We also published a further eight refreshed Subject Benchmark Statements to support academic communities with course design and review. Subject Benchmark Statements are

sector-owned and developed by academics, coordinated by QAA. During 2025-26, we will review a further six Subject Benchmark Statements.

### **Access to HE Diploma**

QAA has published the new iteration of the Recognition Scheme for the Access to Higher Education (AHE) Diploma. We have been responsible for the regulation of this qualification since 1997, and the Recognition Scheme underpins the terms of this regulatory activity. The new version of the scheme introduces significant changes to the way in which QAA regulates the qualification from September 2025.

The Access to HE Diploma is a Level 3 post-16 qualification focused on providing adult learners who wish to enter higher education the opportunity to gain the necessary qualifications in the subject areas they wish to follow. The publication of the new edition of the Recognition Scheme follows an extensive period of public consultation, which took place last year.

QAA licenses Access Validating Agencies (AVAs) to develop, validate and award the AHE qualification, and to work with providers that deliver AHE Diploma courses. QAA places regulatory requirements on AVAs through its Licensing Conditions and related monitoring arrangements. It also sets out particular requirements through the Diploma Specification and the associated Grading Scheme. For some subject areas, it sets requirements for the content of diplomas through Subject Descriptors. These are the regulatory elements that constitute the Recognition Scheme.

Changes to the Recognition Scheme have been designed to ensure the AHE Diploma's ongoing relevance and to support its continuing development as a key instrument for the promotion of widening participation in higher education.

"This new principles-based framework offers a balanced and proportionate approach to regulation, which is intended to foster opportunities for innovation, enhancement and growth in this valuable area," says Claire Swales, Access to HE Diploma Officer at QAA.

### **International Access to HE Diploma**

In June 2025, we opened a consultation on the proposed regulation and licensing of a potential new international version of the diploma following a [public consultation](#) on the broad principles of an International Access to Higher Education Diploma (IAHED) in 2024. This second consultation invited further feedback from all stakeholders, in particular those with operational insight, to shape the specific details of the proposed IAHED and its regulation - the Access Validating Agencies (AVAs) that award the diploma, Access to HE providers, and policymakers and practitioners with an international remit, for instance. The proposed IAHED would be delivered outside of the UK. It would provide students internationally with the opportunity to enter higher education irrespective of whether the student aimed to enter UK higher education (delivered overseas through a transnational arrangement, or in the UK) or higher education in another country.

The consultation outlines proposed requirements of AVAs in order for them to receive a license to validate the international diploma. Proposals also covered the required English language proficiency level and permitted delivery modes of the diploma. The consultation proposed that AVAs would initially be subject to a two-year pilot period during which licences will be issued on a country-by-country basis. Thereafter, an AVA could become eligible for a five-year full international licence.

## **Assurance and enhancement**

QAA's assurance and enhancement represent integral parts of the Agency's operations. Across all nations of the UK and internationally, our programme of work has been tailored to deliver significant impact and ensure we continue to deliver excellence, independence and trust in quality assurance and enhancement.

### **Scotland**

This year has seen some significant changes within our approach to assurance and enhancement. In Scotland, we operated the first two reviews under the new Tertiary Quality Enhancement Review method in line with the Scottish Funding Council's new Tertiary Quality Enhancement Framework. This was a significant milestone as it meant for the first time QAA was operating a consistent review method across an entire tertiary sector, including all of Scotland's colleges and universities.

Additionally, working with partners including the College Development Network and sparqs (student partnerships in quality Scotland), we undertook an exciting series of Discovery Days where provider representatives from across Scotland were encouraged to come together to co-develop project proposals for Scotland's Tertiary Enhancement Programme (STEP). STEP is the national enhancement programme for the Scottish tertiary sector. It is designed to enable Scotland's colleges and universities to work together to improve and enhance learning, teaching, the student experience, and staff development across tertiary provision. The Discovery Day project proposals were developed into full funding requests, many of which will be taken forward in the next year.

### **Wales**

In Wales, we have engaged with the new regulator, Medr, in their first year of operation. We have engaged positively with Medr's Quality Committee, and have been working closely with Estyn, the education and training inspectorate in Wales. We have commenced a joint project with Estyn (funded by Medr) looking at institution processes for self-evaluation, with a view to producing some common expectations and guidance across the tertiary landscape. Additionally, we have supported a range of other quality enhancement and continuous improvement activities in Wales on topics such as micro-credentials, academic integrity and degree apprenticeships. We intend to engage further with Medr during the development of the Quality Framework (part of their overarching regulatory arrangements) to determine how we can best support them, and the sector in Wales, going forward as the new arrangements bed in.

From an assurance perspective in Wales, we delivered two successful reviews under the Quality Enhancement Review method following consultation and engagement with the sector in the previous year.

### **Northern Ireland**

In Northern Ireland, we continue to communicate effectively with officials in the Department for the Economy over potential future arrangements for quality assurance and enhancement. In April 2025, we held our annual enhancement conference in Belfast for Northern Irish providers. We brought together representatives from across the UK nations for this conference to share practice and experience, something we are uniquely placed to do as the UK's independent quality body.

## **England**

In England, we also completed the first Elective Quality Review. This new review method, designed for providers registered with the Office for Students (OfS), assesses providers against the European Standards and Guidelines and results in a published report that can be useful for internal and external stakeholders to understand how effectively a provider is managing the quality of its provision and to demonstrate its commitment to the value of external quality assurance.

## **Nursing and Midwifery Council (NMC)**

Across the UK, we delivered quality assurance reviews for nursing and midwifery education on behalf of the Nursing and Midwifery Council (NMC) in our contracted role as the new Quality Assurance Service Provider. We have worked closely with the NMC and institutions over the first year of this contract to introduce the new approach and have conducted a significant number of reviews, exceeding initial expectations on the volume of activity required, in order to enable the NMC to make robust and timely regulatory decisions on compliance with their Standards for Nursing and Midwifery Education. As we enter the second year of the contract, we are working with the NMC on developing the approach in light of experience and expanding the work into other types of quality assurance activity.

## **UK and international membership of QAA**

Our membership programme, which operates across all nations of the UK and for international member institutions, continued to develop this year. We funded 18 projects under our Collaborative Enhancement Projects programme, particularly focusing on projects which deliver tangible outputs that are useful across the higher education sector. The programme was once again significantly oversubscribed, and therefore we have started to look at how we might amend our approach in the next year to ensure that the projects are as wide-ranging and impactful as possible.

We have continued to offer online and in-person conferences and a series of themed network events to bring together practitioners, as well as continuing to add topical materials, publications and tools to our Membership Resources website. We have also reflected carefully on member feedback over the past year and have begun to put in place significant changes that will see a revamped membership programme from 2025-26. We have invested in our Membership Delivery team, bringing in experts with experience of working in multiple higher and further education settings across the nations. QAA Membership remains highly responsive to the challenges facing the sector, and we strongly believe that participating with membership activities and resources delivers value for money for providers in helping build good practice and efficiency into their local context.

## **Educational Oversight Review**

Across the UK, we launched our new Educational Oversight Review (EOR). This replaced four previous methods for higher education providers that require assessment to receive a licence to recruit international students, yet fall outside of their respective country's quality assurance regimes. It was imperative to introduce a more streamlined and simplified review mechanism for these institutions for 2024-25, as the review cycle meant many providers were due their full review in this year. The updated method was able to assess against the 2024 edition of the UK Quality Code, helping ensure it remains contemporary for many years to come.

## **International reviews**

Internationally, we continue to conduct external quality assurance reviews against internationally recognised standards through our International Quality Review (IQR) and International Programme Accreditation (IPA) reviews. These independent peer reviews lead to accreditation by QAA and many higher education institutions and programmes in countries across Europe, Asia and the Middle East have benefitted from them in the last year. In addition, we have conducted reviews of several institutions in West Africa under our IQR and IPA (ACE Impact) review methods. These form part of the Africa Higher Education Centers of Excellence (ACE) World Bank project, which is aimed at capacity building in higher education institutions in the region and enables institutions to receive formal accreditation from QAA.

## **Capacity building**

Finally, we continued to develop and deliver services to support institutions in England and internationally that seek our expert advice and guidance in capacity building and developing internal quality assurance and enhancement mechanisms. This includes support for institutions in England planning to apply for OfS registration or degree-awarding powers. The range of training activities and analytical reports provided to providers through this service has broadened over the year to reflect the emerging needs of providers in England and those of providers in other countries. This activity also includes work with international organisations, quality assurance agencies and governments, predominantly in Asia and the Middle East, to provide advice and guidance on in-country regulatory systems and quality assurance frameworks, particularly with regards to the development of transnational education and training. We continue to receive highly positive feedback from those using these services on the value and benefits to their specific context.

## **International**

### **Quality Evaluation and Enhancement of Transnational Education (QE-TNE) Scheme**

The QE-TNE Scheme, commissioned by Universities UK and GuildHE, completed the fourth year of its five-year cycle with country-specific activity in Malaysia, India and Oman. Engagement in this activity grew over the last year with all universities in Scotland becoming members of the scheme. Resources generated through this project continue to be shared with this exclusive network to inform the growth, sustainability, quality and enhancement of UK transnational education. Work has begun on designing a new successor scheme to commence after the existing scheme comes to an end in July 2026.

### **International accreditation services**

QAA's global accreditation services are a key element of our positioning as a world-leading quality agency, supporting higher education providers across global markets to deliver a positive student experience. Thirty-three providers from around the globe have now achieved QAA global accreditation with an additional 14 providers at different stages of the International Quality Review (IQR) process. Four providers have been successfully reaccredited after the original five-year accreditation expired. The top market for successful IQR accreditation is the UAE and the Arabian Gulf in general, although there are accredited institutions in the Asia Pacific, Central Asia, Europe, Africa and wider Middle East regions. At the programme level, in 2024-25, QAA accredited its first MBA programme for the University

College of Bahrain in addition to three English programmes at the Gulf University for Science and Technology in Kuwait.

### **International research, training and advisory services**

The reputation of the UK higher education sector is vital to its success. QAA's international work, and the positive relationships we have with a huge range of international stakeholders, supports and promotes this reputation. This in turn allows UK higher education providers to build meaningful and equitable partnerships across the globe, and ensures that the UK continues to be viewed as a partner of choice.

We work as a trusted adviser to governments, funders and regulatory bodies around the world, providing expertise on quality assurance and internationalisation strategies. In 2024-25, we delivered seven projects for the Department for Business and Trade focused on the removal of market access barriers to increase UK international education exports across Kazakhstan, Uzbekistan, Qatar, Saudi Arabia, China and Hong Kong, Vietnam, and India. We have secured market access funding for 2025-26 to continue the work in Kazakhstan and Uzbekistan, and for a new project focused on South Asia (Nepal, Bangladesh and Sri Lanka). The India project will also continue into 2025-26 due to geopolitical challenges.

We will also continue delivery of system-wide national projects funded by the British Council in Vietnam and Uzbekistan and new projects in Sri Lanka and Kazakhstan. Many of these projects reflect a need for assuring the quality of transnational education and international partnerships as well as internal quality assurance systems. We expect all these projects to continue into 2025-26.

This work directly benefits the UK higher education sector by creating enabling regulatory and policy environments for TNE and building capacity in quality assurance. These initiatives strengthen the UK's position as a global leader in education, and ensure that UK institutions are better positioned to establish and grow high-quality international partnerships.

We delivered another successful International Quality Assurance Programme (IQAP) in London this summer, with 41 attendees from 20 international higher education sectors. Delegates had the opportunity to visit Richmond American University and the University of London to talk with senior quality teams as part of the week-long activities. IQAP provided an opportunity to discuss future collaboration at a national or institutional level with delegates indicating interest in international accreditation, membership and advisory services. We are looking forward to hosting another IQAP in 2026.

## **Leadership**

### **Domestic engagement**

QAA's public affairs engagement has continued to position QAA expertise at the heart of government policymaking across the UK. In England, our leadership work has centred around delivering insight to government on sector approaches to partnership provision and credit transfer for lifelong learning policy development. Our analysis and insights provide a valuable evidence base for policymakers.

As part of the higher education reform process in England, QAA delivered a workshop to the Department for Education on the topic of 'raising teaching standards'. This workshop was impactful as it directly informed the forthcoming white paper, ensuring that our expertise contributes to the development of high-quality education standards.



## **Looking ahead**

We expect the financial pressures that are evident in the sector in all four nations of the UK to continue; in that challenging domestic context, we are keener than ever to listen to the needs of our members and the wider sector, and to ensure that our services address their challenges in ways that provide the maximum value. Many providers will no doubt continue to reduce their cost base, including through painful headcount reductions; we do anticipate some moves towards institutional consolidation; at the extreme end there may even be institutional closures. But for every provider, new technologies present an opportunity to innovate in teaching and learning. QAA is embracing new technology too, and our restructure in 2024-25 will be followed next year and beyond by further work to transform the Agency's underpinning processes and technology.

In Scotland, we look forward to building on this year's successful start to Scotland's Tertiary Enhancement Programme and the first of the Tertiary Quality Enhancement Reviews, and we are keen to use the insights from Scotland's leading role in bringing the tertiary sector together to benefit policymakers and providers across the UK.

In Wales, we will continue to advise Medr as it develops its approach to quality further, and will continue to work in partnership with Estyn. In Northern Ireland, we continue to hope for a return to active quality assurance through a new review method.

Our international work continues to support the UK sector, and next year we plan to launch the next iteration of our enhancement scheme for UK transnational education.

## **Financial review**

The financial statements have been prepared in accordance with the requirements of the Charities SORP. Resources expended on charitable activities are shown split between the aims of our 2024-27 strategy. The analysis of expenditure' note (note 6) splits these categories down further and includes an allocation of support costs across the aims.

## **Results**

QAA's 2024-25 activities were funded primarily through membership from higher education

providers, contracts with the higher education funding bodies, contracts with regulatory bodies, international review activity and charges for oversight and review of alternative providers of higher education. Additional income was generated through investment income.

QAA's net expenditure for the year ended 31 July 2025, before recognising investment gains, was £574,748 (2024: net income £2,934,172). After recognising gains on investments of £348,327 (2024: gains of £372,466), the net movement in funds for the year was a decrease of £226,421 (2024: increase £3,306,638). The accumulated funds at 31 July 2025 are £6,169,005 (2024: £6,395,426).

## Income

Total income as shown in the Statement of Financial Activities (SOFA) increased by £1,293,373 (14.8%) to £10,061,872 between 2023-24 and 2024-25. Income from charitable activities shows an increase of £1,318,902 (15.5%).

The increase in income between 2024 and 2025 was mainly as a result of a new three-year contract with the Nursing and Midwifery Council (£1,764,531) and an increase in Educational Oversight income. This was offset by a decrease in international income of £189,030 and decreases in UK membership income of £189,201 and UK sales of £90,988 where a more challenging economic environment exists.

Income from investments has decreased by £24,401 (8.7%) to £255,709 (2024: £280,111). The investment income is interest from cash deposits, together with dividends and interest from fixed asset investments. Investment returns are discussed in the Treasury management section below.

## Expenditure

Total charitable expenditure, after restructure costs of £739,596 in 2024-25 and the pension provision release in 2023-24 of £2,680,761, increased by £4,802,293 (82.3%) to £10,636,620 as shown in the SOFA between 2023-24 and 2024-25.

Expenditure on charitable activities, before restructure costs and pension provision movements, increased by £1,374,476 (16.2%) to £9,876,880 (2024: £8,502,404). The increase in expenditure reflected the movements in income. The new Nursing and Midwifery Council contract and Educational Oversight costs increased expenditure by £1,502,433. This increase was partially offset by membership; international and UK sales activity decreases of £522,137. There was an increase of £394,180 in leadership and business support functions.

A breakdown of charitable expenditure between the strategic aims is shown in note 5 on page 38.

An analysis of charitable expenditure between direct costs and support costs is provided in the 'total charitable expenditure' note (note 6, page 39).

## Balance sheet

Total funds on QAA's balance sheet are £6,169,005 (2024: £6,395,426). The net book value of tangible and intangible fixed assets held by the charity decreased by £38,164, as depreciation exceeded capital expenditure. The net book value of fixed asset investments has increased by £530,494 to £7,118,251.

Net current assets have decreased by £726,287 mainly as a result of the restructuring costs reducing the level of cash held. The increase in debtors reflects the accrued income from Nursing and Midwifery Council that was invoiced post-year end. This increase has been offset by an increase in deferred income as membership renewal was launched a month earlier.

## **Reserves policy**

QAA's Reserves policy establishes a target range of free reserves, taking into account: the financial impact of risk; the volatility of current and future income streams; the action required in the event of income reduction; and the impact of future commitments. The resultant target range of free reserves, following the annual review, is set at £1.2-£2.3 million. The level of available free reserves of £5.7 million is above this range. The Board is considering plans to reduce the level of free reserves.

As part of the trustees' responsibilities regarding the appropriateness of adopting the going concern basis in preparing the financial statements, a range of scenarios has been considered. The assumptions modelled are based on the estimated potential impact of known changes in the sector and regulations, along with our proposed responses over the course of the next 18 months.

On the basis of this review, these financial statements have been prepared on a going concern basis, which the trustees consider to be appropriate based on the results for the year ending 31 July 2025, and forecasts and cash flow projections prepared for the period to 31 July 2027. The cash flow projections indicate that the charity will be able to meet its liabilities as they fall due and will be able to operate within the facilities currently available. The trustees consider that there are no material uncertainties over the charitable company's financial viability.

QAA holds reserves for three main reasons:

- to secure its long-term position
- to deliver the medium-term objectives in the QAA strategy, by ensuring that reserve levels provide a cushion against medium-term business risks and take full account of the costs of medium-term objectives
- to ensure that it can carry out the programme of work detailed in the next year's annual plan - for example, through meeting approved shortfalls in short-term activities that are not fully funded.

A designated Innovation and Development Fund is set aside 'for innovation in products and services for the long-term benefit of UK higher education'. The opening balance on the fund was £198,821. Whilst the restructure took place, nil was expended during the year.

The Business Transformation Fund had further transfers in of £500,000 and £200,000 during the year (agreed by Board at their meetings in October 2025 and December 2025).

At 31 July 2025, QAA's free reserves as defined by the Charities SORP were £5,743,549 (2024: £5,892,029).

## **Treasury management**

The main principles underpinning QAA's treasury management policy are to ensure that:

- QAA has adequate cash and working capital to enable it, at all times, to have sufficient funds available to achieve its business objectives
- QAA investments are secure - this is achieved by ensuring that its authorised investments reflect a risk-averse and prudent attitude towards the organisations with which funds may be deposited, and limits its investment activities to those approved
- QAA achieves the maximum return on its investments, taking into account the other key principles
- QAA minimises the risk of fraud or error in its treasury management activities - this is achieved by designing suitable systems, procedures and contingency management arrangements in order to minimise the risk of fraud or error.

During 2024-25, the investment approach agreed by the trustees continued to be followed, with available funds being notionally split into three tranches and managed as follows:

- **short-term working capital** - held by QAA's bankers, HSBC Bank plc, and managed internally
- **medium-term cash funds** - invested with HSBC Bank plc and Lloyds Bank plc and managed internally in accordance with our cash flow plan to meet short-term working capital requirements
- **longer-term reserves** - over £7 million has been placed with Rathbones Investment Management Limited (Rathbones) for discretionary investment in listed shares and gilts.

Funds placed with Rathbones are invested in a charity-specific fund which is subject to ethical investment constraints. During the year, these constraints were extended to exclude investments in fossil fuels.

Investment income in the year is attributable to interest receivable of £53,397 from short-term working capital balances, together with interest and dividends of £202,312 received from fixed-asset investments.

The market value of the investments is £7.1 million (2024: £6.6 million). The net unrealised gain in the market value of funds held at 31 July 2025 was £345,327 (2024: loss £12,129). The surplus of interest and dividend receipts after paying management charges, together with net gains or losses realised, continues to be reinvested.

This approach is being closely monitored and managed to ensure that the principles of the treasury management policy are being met.

## Directors' report

### Structure, governance and management

QAA is a private company limited by guarantee, and a registered charity in England, Wales and Scotland. Our four company members were, as of 31 July 2025:

- GuildHE Limited
- Universities Scotland
- Universities UK
- Universities Wales.

In the event of winding up, the liability of our company members is limited to an amount not exceeding £1 per member.

We were established under a Memorandum of Association and are governed under our Articles of Association, which set out our constitution and objects.

Our objects are:

- the promotion and maintenance of quality and standards in tertiary education in the UK and elsewhere;
- the enhancement of teaching and learning, and the identification and promotion of innovation and good practice in teaching and learning;
- the provision of information and the publication of reports on quality and standards in tertiary education in the UK and elsewhere;
- the provision of advice to governments, as requested, on access course recognition and in relation to all or any of the above objects.

## **Governance**

As part of QAA's ongoing commitment to good governance and leadership, the Board members completed a Board skills audit. One-to-one annual conversations continued to be held between the Chair and individual Board members.

During the year, the Board has also reviewed and, where appropriate, approved:

- QAA's risk appetite and tolerance levels
- Annual Plan
- Annual Budget
- Access to HE Recognition Scheme

Various policies and procedures, including:

- Consolidated Appeals Procedure
- Process for consideration of observations for NMC reports and complaints
- Safeguarding Policy
- QAA Scheme of Delegated Authority
- Treasury Management Policy

## **Recruitment and appointment to the Board**

Our Board directors are also our trustees for the purposes of charity law. The Articles of Association were amended to allow the Board to co-opt up to three further members to ensure it has the full complement of skills and experience necessary to reflect the complex and diverse nature of tertiary education in the UK and internationally. The Articles now allow for up to 20 trustees to be appointed to the Board as follows.

- Serving a three-year term, then eligible for a second three-year term:
  - three members nominated jointly by three funding bodies for UK higher education (Department for Education (Northern Ireland), The Commission for Tertiary Education and Research (Medr), and the Scottish Funding Council), and appointed by the Board;

- four members nominated jointly by the UK higher education representative bodies (GuildHE, Universities Scotland, Universities UK and Universities Wales), and appointed by the Board;
  - one member nominated by the representative body for colleges in the UK, and appointed by the Board;
  - six independent members appointed by the Board;
  - one independent member appointed by the Board who, at the time of appointment, is engaged wholly or mainly in the governance or management of an alternative provider of higher education;
  - up to three further members co-opted by the Board who can provide knowledge and understanding of such other areas as the Board may consider desirable.
- Serving a one-year term, then eligible for a second one-year term:
    - one independent member appointed by the Board who, at the time of appointment, is a registered undergraduate or postgraduate student, an elected student officer of a student union, or an elected student officer of a student representative body;
    - one member nominated by the National Union of Students and appointed by the Board.

Our Board membership represents the diversity of UK higher education, including students, with a rich mix of skills and experience. Our six independent Board members have, in line with the requirements of our Articles, experience in industrial, commercial or financial matters, or professional practice. We advertise publicly to recruit our independent members, following an assessment of the skills we need on our Board. Our Nomination and Remuneration Committee advises the Board to ensure our selection and recruitment process is transparent and fair.

All Board members are non-executive directors. They give their time voluntarily and do not receive any remuneration or benefits from the charity. Expenses claimed by Board members during 2024-25 are covered in note 10 of our financial statements.

### **Board responsibilities**

Our Board's principal responsibilities include:

- approving our mission and strategic vision, strategic plans, annual plans and budgets, and key performance indicators
- ensuring the establishment and monitoring of systems of control and accountability
- ensuring processes are in place to monitor and evaluate our performance and effectiveness
- appointing the Chief Executive and putting in place suitable arrangements for monitoring their performance
- acting as our principal financial and business authority
- ensuring we keep proper books of accounts
- approving our annual report and financial statements
- overall responsibility for our assets, property and estate.

The Board has delegated responsibility for the day-to-day management of the charity to our Chief Executive, in accordance with a scheme of delegation. In discharging these responsibilities, the Chief Executive is advised and supported by the Executive team and wider Senior Leadership team.

### **Board member induction**

Newly appointed Board members are provided with the following documents, and sign a declaration to confirm that they have reviewed and understood them:

- Charity Commission publications: *The Essential Trustee* and the *Charity Governance Code*
- Office of the Scottish Charity Regulator publication: *Guidance and Good Practice for Charity Trustees*
- QAA publication: *QAA Code of Good Practice in Governance* (including guidance on ethical conduct, statutory duties and responsibilities, and good governance).

All new Board members have an individual induction programme of meetings with the Chair and senior staff. This introduces them to QAA, our governance, operations and strategic plans. Our Director of Corporate Affairs (Company Secretary) and Assistant Company Secretary are available to support Board members in discharging their statutory duties, providing advice and guidance as required.

### **Board member activities**

A typical year for one of our Board members is likely to include:

- attendance at four Board meetings (one day per meeting)
- a strategic away-day
- attendance at the QAA annual conference
- attendance at committee meetings and working groups convened for specific purposes (as required).

At least two Board meetings per year are usually held in person; others may be held online. Committee meetings are usually held online.

In addition, our Board members may be invited to become involved in a particular area of the Agency's work, by providing advice and support to QAA staff, which, in turn, enhances Board understanding and scrutiny.

During the year 2024-25, the average Board meeting attendance was 89% (90% in 2023-24). Individual Board member attendance was as follows:

<b>Name</b>	<b>Attendance for 2024-25 (out of four meetings)</b>
John Sawkins	4 (out of 4)
Nic Beech	3 (out of 4)
Oliver Turnbull	0 (out of 0)
Simon Gaskell (Chair)	3 (out of 3)
Sue Rigby	1 (out of 1)
Rachid Hourizi	4 (out of 4)
Karl Leydecker	4 (out of 4)

Xenia Levantis	0 (out of 1)
Peter Vermeulen	4 (out of 4)
Fazal Dad	4 (out of 4)
Alex Fraser	4 (out of 4)
Phil Deans	3 (out of 4)
Odette Hutchinson	2 (out of 4)
Richard Khaldi	3 (out of 4)
Dani Saghafi	4 (out of 4)
Caroline Carter	3 (out of 4)
Alex Stanley	3 (out of 4)
Lucy Jones	2 (out of 3)
Mirjam Plantinga	4 (out of 4)
Moiria Fischbacher-Smith	0 (out of 0)
Nichola Callow	2 (out of 3)
Christian Brodie (Chair)	1 (out of 1)
Jimena Alamo	3 (out of 3)

Specified quorum, as detailed in our Articles of Association, was reached at all meetings.

### Board committees

There were seven Board committees in operation during 2024-25, plus the Consultative Board, which brings together senior stakeholders from the tertiary sector. All committees have individual terms of reference and Board attendance at committees is reported at Nomination and Remuneration Committee.

### Corporate matters:

- Audit and Risk Committee
- Nomination and Remuneration Committee

### Advisory:

- QAA Wales Strategic Advisory Committee
- QAA Scotland Strategic Advisory Committee
- Student Strategic Advisory Committee
- Consultative Board
- NEW in 2025-26: Nursing and Midwifery Council Contract Advisory Committee

### Operations:

- Access Regulation and Licensing Committee
- Advisory Committee on Degree Awarding Powers

### QAA Board of Directors

From 1 August 2024 to 31 July 2025, the following served as directors and trustees on the QAA Board:

#### **Independent members**

Simon Gaskell

Former President and Principal, Queen Mary University of

(Chair) Christian Brodie (Chair) Rachid Hourizi	London (appointed March 2019, served to March 2025) Chair of United Learning, former Chair of Student Loans Company and other bodies (appointed March 2025) Director, Institute of Coding, University of Bath (appointed March 2022)
Peter Vermeulen (Honorary Treasurer)	Chief Financial Officer, University of Bristol (appointed March 2023)
Ladan Saghafi	Associate Professor of Practice, Brunel University London (appointed December 2023)
Caroline Carter	Non-practising Solicitor, Director and Trustee (appointed December 2023)
Richard Khaldi	Chambers Director, Maitland Chambers (appointed January 2024)
<b>Independent member: alternative provider</b>	
Alex Fraser	Chief Executive, The London Institute of Banking & Finance (appointed June 2023)
<b>Independent member: student</b>	
Sophia Xenia Levantis	PhD Student, University of Bristol (appointed October 2022, served to October 2024)
Jimena Alamo	SU President, University of Bath (appointed October 2024)
<b>Nominated jointly by GuildHE Limited, Universities Scotland, Universities UK and Universities Wales</b>	
Karl Leydecker	Senior Vice-Principal, University of Aberdeen (appointed June 2022)
Sue Rigby	Vice-Chancellor, Bath Spa University (appointed October 2019, served to October 2024)
Nic Beech	Vice-Chancellor, Salford University (appointed September 2021)
Nichola Callow	Pro Vice-Chancellor (Education and Student Experience), Bangor University (appointed October 2024)
Lucy Jones	Vice-Principal Academic Development, Anglia Ruskin University (appointed October 2024)

**Nominated jointly by the Department for Education (Northern Ireland), the Commission for Tertiary Education and Research and the Scottish Funding Council**

John Sawkins	Deputy Principal (Education and Student Life), Professor of Economics, Heriot-Watt University (appointed October 2019, served to June 2025)
Moira Fischbacher-Smith	Vice-Principal for Learning and Teaching, University of Glasgow (appointed June 2025)
Oliver Turnbull	Pro Vice-Chancellor (Teaching and Learning), Professor of Neuropsychology, Bangor University (appointed September 2019, served to September 2024)
Odette Hutchinson	Pro Vice-Chancellor, Ulster University (appointed June 2023)
Mirjam Plantinga	Pro Vice-Chancellor, University of Wales Trinity Saint David (appointed September 2024)

**Nominated by the Association of Colleges**

Fazal Dad Principal & Chief Executive, Blackburn College  
(appointed March 2023)

**Nominated by the National Union of Students**

Alexander Stanley Vice-President (Higher Education), NUS (appointed July 2024)

**Co-opted member**

Phil Deans University President, Richmond, The American International University in London (appointed March 2023)

## Organisational structure

Our Executive team in 2024-25 was:

- Vicki Stott, Chief Executive
- Caroline Blackburn, Chief Operating and Finance Officer
- Alastair Delaney, Executive Director of Operations (until September 2024)
- Tom Yates, Executive Director of Corporate Affairs
- Nick Bayley, Executive Director of Business Development and Engagement (from February 2025)
- Rob Stroud, Executive Director of Quality Assurance and Enhancement (from October 2024)

The Executive team was supported by the wider Senior Leadership team.

## Pay and remuneration

Our Nomination and Remuneration Committee advises the Board on the performance of the Chief Executive and Executive team, appropriate remuneration, and severance payments. In advising on setting the pay of the Chief Executive and Executive team, the Committee takes into account the skills and experience required for each of the roles, and the remuneration in sectors from which suitable candidates for such posts would be found. Remuneration for different jobs is validated objectively, using the public sector as a comparator. This includes looking at salary survey data for comparable roles from a number of sectors, including charities, higher education and organisations within the local area. Salary increases for all colleagues are negotiated between Executive, Human Resources, and the Public and Commercial Services Union (PCS).

## Corporate social responsibility and sustainability

QAA is committed to working in an ethically and socially responsible manner across all areas of our business. Our work safeguards standards and improves the quality of UK higher education, wherever it is delivered around the world. Our business approach considers the impact of our work on the environment, our staff, suppliers, local communities, the higher education sector, and wider society. In 2024, we committed to a 2040 Net Zero target. Consequently, in May 2025, we measured our carbon emissions to create a baseline measurement and quantify the size of the required reductions to achieve this. Our most recent CSR policy (running from 2023) sets out our aims and the activities in which we engage to support them and how QAA supports the United Nations Sustainable

#### Development Goals:

- To uphold an ethical, transparent business culture and approach to our work
- To reduce our negative impact on the environment
- To contribute to the development of our communities
- To respect our colleagues and encourage their development.

Our performance and impact is monitored by our Sustainability and Corporate Social Responsibility Committee, which reports to the Senior Leadership team and the Board's Audit and Risk Committee.

#### Data protection

There were no reportable incidents involving personal data during 2024-25.

#### Fundraising activities

The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

#### Equity, diversity and inclusion statement

We are committed to promoting equity, diversity and inclusion (EDI) in all aspects of our work. We recognise the value that diverse perspectives bring and the importance of inclusive practice in delivering high-quality outcomes across UK higher education.

Equity is a core principle in our approach to quality assurance and enhancement. We believe it is fundamental to a high-quality educational experience and central to the expectations that students should rightly have of UK higher education providers.

EDI is a shared responsibility across the Agency, with strategic oversight from our Executive team, supported by Human Resources and Organisational Development. We regularly review our internal policies and practices to ensure they reflect our values and foster an inclusive culture.

To support continuous improvement, we carry out a biannual Agency-wide EDI survey open to all colleagues and reviewers. The data helps us better understand the diversity of our workforce and identify areas where further action is needed.

We remain committed to making meaningful progress on EDI and embedding it in how we work, lead and deliver our responsibilities.

#### Delivering public benefit

We have a duty, under the Charities Act 2011, to report on the public benefit that we deliver. Our trustees have regard to the Charity Commission's guidance on public benefit - a summary of which is issued to our Board members on appointment - and are satisfied that, through our work to support the UK tertiary education sector, including helping to provide access to higher education for many students and working more generally in the interests of students, our public benefit requirements have been met.

#### Welsh Language Compliance Notice

QAA continues to strengthen its commitment to the Welsh language, as set out in the

compliance notice with which QAA has a duty to comply. QAA continues to produce annual reports for the Welsh Language Commissioner that note how we comply, as well as steps to take to further compliance. The report is considered by QAA's cross-organisational Welsh Language Working Group and approved by the Audit and Risk Committee.

### **European Standards and Guidelines**

Compliance with the ESG is fundamental for QAA, not only to enable all of QAA's work in Scotland, Wales, Northern Ireland and internationally, but also to the philosophy of collaborative, peer-led quality assurance that underpins QAA's core purpose.

The European Association for Quality Assurance in Higher Education (ENQA) review in March 2023 found QAA to be compliant with the ESG. QAA is implementing its action plan in respect of recommendations and suggestions for further improvement arising from the review and submitted its follow-up report on actions taken to ENQA in June 2025.

### **Relationships with related parties**

QAA's subsidiary - QAA Enterprises Limited, a private company limited by shares - is governed by its own Articles of Association, which set out its constitution. The subsidiary has been dissolved after this reporting year.

All QAA Board members completed a declaration of interest on appointment and any conflicts specific to a Board meeting are recorded and minuted in the meeting.

### **Principal risks and uncertainties**

Our Board is ultimately responsible for our approach to risk management, which is set out in our risk management policy. We record strategic risks in our strategic risk register, and operational risks are managed through operational risk registers, which may include registers dedicated to specific projects or activities.

The strategic risk register is reviewed by our Audit and Risk Committee at each of its meetings, and by the Board at each of its meetings.

The risks considered significant at the inherent (pre-mitigation) stage during 2024-25 included risks to the Agency's revenue as a consequence of ongoing financial pressures in the sector and risks involved in navigating the varied and evolving stakeholder landscape in the various nations of the UK. Mitigations for these risks included the organisational restructure that took place in 2024-25 to give the Agency a more responsive operating model with stronger business development and engagement capabilities. Cyber-security remained a significant operational risk even at the residual (post-mitigation) stage, despite comprehensive mitigations including annual ISO27001 audit, periodic penetration testing and the continued use of multi-factor authentication technology across the Agency.

The Board is satisfied that risks and uncertainties are being appropriately monitored and managed.

### **Reference and administrative details**

<b>Registered name</b>	The Quality Assurance Agency for Higher Education
<b>Other names used by the company</b>	QAA, QAA Scotland, QAA Cymru
<b>Company registration number</b>	03344784 (England and Wales)

<b>Charity registration numbers</b>	1062746 (England and Wales) SC037786 (Scotland)
<b>Registered and principal office</b>	Southgate House, Southgate Street, Gloucester GL1 1UB
<b>Operational addresses</b>	Southgate House, Southgate Street, Gloucester GL1 1UB
<b>Company Secretary</b>	Tom Yates, Director of Corporate Affairs
<b>Senior management (with delegated authority)</b>	Vicki Stott, Chief Executive
<b>Bankers</b>	HSBC Bank plc, The Cross, Gloucester GL1 2AP and Lloyds Bank plc, 10 Gresham Street, London EC2V 7AE
<b>Investment managers</b>	Rathbones Investment Management Limited, 1 Curzon Street, London W1J 5FB Barclays Private Bank (Barclays Bank PLC), 40-42 Queen Square, Bristol BS1 4QP
<b>Solicitors</b>	Shakespeare Martineau, No 1 Colmore Square, Birmingham B4 6AA
<b>Independent auditor</b>	Crowe U.K. LLP, 4 <sup>th</sup> Floor, St James House, St James Square, Cheltenham GL50 3PR

### **Responsibilities of the trustees and directors**

The trustees (who are also directors of The Quality Assurance Agency for Higher Education for the purposes of company law) are responsible for preparing the Trustees' Annual Report, including the Strategic Report and Directors' Report, and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the trustees to prepare financial statements for each financial year. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity, and of the incoming resources and application of resources, including the income and expenditure, for that period.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company. The trustees should be assured

that the financial statements comply with: the Companies Act 2006; the Charities and Trustee Investment (Scotland) Act 2005; the Charities Accounts (Scotland) Regulations 2006 (as amended); and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Information to auditor**

In the case of each of the persons who are directors of the company at the date when this report was approved:

- in so far as each of the directors of the company at the date of approval of this report is aware, there is no relevant audit information (information needed by the company's auditor in connection with preparing the audit report) of which the company's auditor is unaware
- each director has taken all the steps that they should have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

A resolution to reappoint Crowe U.K. LLP as auditor to the company was agreed at our Annual General Meeting in December 2025.

The Strategic Report, Directors' Report and financial statements were approved by the Board on 10 December 2025 and were signed on its behalf by:

<p><b>Christian Brodie</b> <b>Chair of the Board of Directors</b></p> 	<p><b>Tom Yates</b> <b>Company Secretary</b></p> 
---	---

# **Independent Auditor's Report to the Members and the Trustees of The Quality Assurance Agency for Higher Education**

## **Opinion**

We have audited the financial statements of The Quality Assurance Agency for Higher Education ('the charitable company') for the year ended 31 July 2025, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2025 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the charitable company, in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

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

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

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

## **Other information**

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other

information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 23 and 24, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations, are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, including financial reporting legislation, the Charity SORP (FRS 102) and tax regulations. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be necessary to the charitable company's ability to operate or to avoid a material penalty. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. The laws and regulations we considered in this context for the UK operations were the General Data Protection Regulation, and employment legislation.

We also considered the opportunities and incentives that may exist within the charitable company for fraud. We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of contract income, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, designing and performing audit procedures over the timing of contract income, reviewing regulatory correspondence with the Charity Commission and Scottish Charity Regulator, reviewing accounting estimates for biases, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would be to identify it.

In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's

trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Tara Westcott  
Senior Statutory Auditor  
For and on behalf of  
Crowe U.K. LLP  
Statutory Auditor  
St James House  
St James Square  
Cheltenham  
GL50 3PR

Date: 12 December 2025

## Statement of financial activities for the year ended 31 July 2025

	Notes	2025 £ Unrestricted funds	2024 £ Unrestricted funds
<b>Income from:</b>			
Charitable activities	4	9,806,163	8,487,261
Other trading activities		-	1,128
Investments	3	255,709	280,110
<b>Total income</b>		<b>10,061,872</b>	<b>8,768,499</b>
<b>Expenditure on:</b>			
Investment management costs		20,144	12,682
<b>Raising funds</b>		<b>20,144</b>	<b>12,682</b>
<b>Charitable activities</b>	5,6	<b>10,616,476</b>	<b>5,821,645</b>
<b>Total expenditure</b>		<b>10,636,620</b>	<b>5,834,327</b>
Net gains on investments		348,327	372,466
<b>Net (expenditure)/income and net movement in funds for the year</b>	7	<b>(226,421)</b>	<b>3,306,638</b>
<b>Reconciliation of funds</b>			
Total funds brought forward		6,395,426	3,088,788
<b>Total funds carried forward</b>	19	<b>6,169,005</b>	<b>6,395,426</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 33 to 53 form part of these financial statements.

## Balance sheet as at 31 July 2025

(Company number: 03344784)

	Notes	2025 £	2024 £
<b>Fixed assets:</b>			
Intangible fixed assets	11	62,706	97,759
Tangible assets	12	47,525	50,636
Investments	13	7,118,251	6,587,758
<b>Total fixed assets</b>		<b>7,228,482</b>	<b>6,736,153</b>
<b>Current assets:</b>			
Debtors	14	1,724,909	1,203,101
Cash at bank and in hand		2,684,315	3,711,835
<b>Total current assets</b>		<b>4,409,224</b>	<b>4,914,936</b>
<b>Liabilities:</b>			
Creditors - amounts falling due within one year	15	(5,316,775)	(5,096,200)
<b>Net current assets</b>		<b>(907,551)</b>	<b>(181,264)</b>
<b>Total assets less current liabilities</b>		<b>6,320,931</b>	<b>6,554,889</b>
Provision for liabilities	17	(151,926)	(159,463)
Pension provision liability	18	-	-
<b>Total net assets</b>		<b>6,169,005</b>	<b>6,395,426</b>
<b>The funds of the group and charity:</b>			
Designated funds	19	315,225	354,821
General funds	19	5,853,780	6,040,605
<b>Total funds as at 31 July</b>		<b>6,169,005</b>	<b>6,395,426</b>

The notes on pages 33 to 53 form part of these financial statements.

The financial statements were approved and authorised by the Board on 10 December 2025 and were signed on its behalf by:



Christian Brodie, Chair of the Board of Directors

## Statement of cash flows for the year ended 31 July 2025

	Notes	2025 £	2024 £
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	21	<u>(1,073,422)</u>	5,636
<b>Cash flows from investing activities:</b>			
Investment income		255,709	280,111
Proceeds from sale of investments		3,310,387	6,608,939
Purchase of investments		(3,488,527)	(6,137,731)
Purchase of intangible fixed assets		-	-
Purchase of tangible fixed assets		<u>(27,641)</u>	(49,116)
<b>Net cash provided by/ (used in) investing activities</b>		<u>49,928</u>	702,203
<b>Change in cash and cash equivalents in the year</b>			
		<b>(1,023,494)</b>	707,839
Cash and cash equivalents at the beginning of the year		<u>4,382,010</u>	3,674,171
Cash and cash equivalents at the end of the year	23	<u><u>3,358,516</u></u>	<u>4,382,010</u>

The notes on pages 33 to 53 form part of these financial statements.



## **2 Accounting policies (continued)**

### **e Income**

QAA's activities are funded primarily through contracts with the higher education funding bodies and UK governments, and through subscriptions from higher education institutions; it does not raise income through fundraising. All income has been accounted for when the charity has entitlement to the funds; any performance issues attached to the item(s) of income have been met, and it is probable that the income will be received and the amount can be measured reliably.

### **f Expenditure and the basis of allocation of costs**

All expenditure has been accounted for on an accruals basis and has been recorded as attributable to one of two categories - 'raising funds' (the cost of managing the charity's investments) and 'charitable activities' as shown in the SOFA. Redundancy and termination costs only occur where necessary and are accounted for on an accruals basis when the commitment to terminate a post on the grounds of redundancy or terminate an employee's contract has been made. The charitable activities are further divided into the four strategic aims of the charity. Within charitable activities, the expenditure is classified as 'direct costs' or 'support costs' as shown in the 'total charitable expenditure' note.

Staff numbers and costs were allocated:

- directly to one or more of the three charitable activities as 'direct costs', or
- directly to governance as 'support costs', or
- apportioned to the three charitable activities and governance as 'support costs' using the staff numbers already attributed to those activities.

Non-pay costs were allocated:

- directly to one or more of the three charitable activities as 'direct costs', or
- directly to governance as 'direct costs' or 'support costs', or
- apportioned to the three charitable activities and governance as 'support costs' using the staff numbers already attributed to those activities.

Governance costs include the costs of meeting constitutional and statutory requirements such as audit, trustees' meetings and expenses, and legal fees. The staff and office costs associated with such costs are included in support costs. Governance costs are then apportioned to one of the three charitable activities.

### **g Operating leases**

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred on a straight-line basis over the term of the lease.

### **h Intangible assets**

The cost of standard computer software is written off to the SOFA as it is incurred. Software that has been designed specifically for QAA or purchased as part of a larger capital project has been capitalised and written off over a five-year period.



## **2 Accounting policies (continued)**

### **o Basic financial provisions**

QAA has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

### **p Pensions**

#### **Hybrid pension schemes**

QAA participates in the Universities Superannuation Scheme (USS) and Superannuation Arrangements for the University of London (SAUL). During the current period, both were hybrid pension schemes, having both a defined benefit and defined contribution part. The defined benefit assets of the schemes are held in separate trustee-administered funds. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions, and a scheme-wide contribution rate is set. QAA is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 'Employee benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the SOFA represents the contributions payable to the scheme in respect of the accounting period. Since QAA has entered into agreements (the Recovery Plans that determine how each employer within each scheme will fund the respective overall deficit of each scheme), should the schemes be in deficit, QAA would recognise a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the SOFA. If the schemes are in surplus no assets are recognised as there is no provision in the Scheme Rules for employers to receive a refund.

#### **Critical accounting judgements**

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control, typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as those provided by USS and SAUL. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The directors are satisfied that the schemes provided by USS and SAUL meet the definition of a multi-employer scheme and have therefore recognised the discounted fair value of the contractual contributions under the funding plans in existence at the balance sheet date.

#### **Defined contribution scheme**

QAA also participates in a defined contribution pension scheme and the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

### 3 Income from investments

The charity's investment income for the year is analysed by source below:

	2025	2024
	£	£
Dividend and interest income from quoted investments	202,312	211,641
Interest from cash held in interest-bearing bank accounts	53,397	68,470
<b>Total investment income for the year</b>	<b>255,709</b>	<b>280,111</b>

### 4 Income from charitable activities

	Note	2025	2024
		£	£
Memberships		3,979,933	3,925,475
Regulatory		435,880	631,997
Contracts with higher education funding bodies		1,676,302	1,532,053
Alternative providers of higher education		406,882	296,333
Other contracts and related income		3,307,166	2,101,403
<b>Total income from charitable activities</b>		<b>9,806,163</b>	<b>8,487,261</b>

#### Analysis by source:

UK higher education funding councils		1,446,628	1,869,156
UK higher education institutions		3,391,426	3,506,936
UK further education institutions		375,156	334,153
UK alternative providers of higher education		731,000	775,802
Other		4,027,165	2,034,447
		<b>9,971,375</b>	<b>8,520,494</b>
Release income deferred in prior years	15	4,039,689	4,142,524
Defer income received in current year	15	(4,204,901)	(4,175,757)
<b>Total income from charitable activities</b>		<b>9,806,163</b>	<b>8,487,261</b>

## 5 Expenditure on charitable activities

	Note	2025	2024
		£	£
Standards		818,496	1,604,354
Assurance and Enhancement		7,051,590	4,839,584
International		1,516,573	1,843,183
Leadership		490,221	215,283
<b>Total expenditure on charitable activities before pension provision and restructure costs</b>		<b>9,876,880</b>	<b>8,502,404</b>
Restructure costs		<b>739,596</b>	-
Pension provision - deficit contributions (included above)	21	-	(91,277)
Credited to the SOFA - change in expected future deficit contributions		-	(2,650,918)
Pension provision - unwinding of discount	21	-	61,434
<b>Total expenditure on charitable activities</b>		<b>10,616,476</b>	<b>5,821,643</b>

## 6 Analysis of expenditure on charitable activities

	Charitable activities				Total expenditure on charitable activities	
	Standards	Assurance and Enhancement	International	Leadership	2025	2024
	£	£	£	£	£	£
<b>Direct costs</b>						
Staffing	497,117	3,412,682	851,923	303,051	5,064,773	4,396,717
Other review costs	71,898	1,419,145	178,728	40,365	1,710,136	995,190
Other direct costs	4,369	108,044	31,758	-	144,171	29,643
<b>Total direct costs</b>	<b>573,384</b>	<b>4,939,871</b>	<b>1,062,409</b>	<b>343,416</b>	<b>6,919,080</b>	<b>5,421,550</b>
<b>Support costs</b>						
Staff costs	170,839	1,471,825	316,543	102,320	2,061,527	2,120,365
Premises and office costs	1,401	12,069	2,596	839	16,905	219,381
IT	26,032	224,272	48,234	15,591	314,129	225,982
Finance	4,303	37,070	7,973	2,577	51,923	42,361
Depreciation	5,453	46,980	10,104	3,266	65,803	90,189
HR and SD costs	19,631	169,126	36,374	11,758	236,889	152,526
Other	8,920	76,853	16,529	5,343	107,645	89,431
Governance	8,534	73,522	15,812	5,111	102,979	140,619
<b>Total support costs</b>	<b>245,113</b>	<b>2,111,717</b>	<b>454,165</b>	<b>146,805</b>	<b>2,957,800</b>	<b>3,080,854</b>
<b>Expenditure on charitable activities before pension provision</b>	<b>818,497</b>	<b>7,051,588</b>	<b>1,516,574</b>	<b>490,221</b>	<b>9,876,880</b>	<b>8,502,404</b>
Restructure					739,596	-
Pension provision - net (surplus)/ contributions					-	(2,742,195)
Pension provision - unwinding of discount					-	61,434
<b>Total charitable expenditure</b>					<b>10,616,476</b>	<b>5,821,643</b>

## 7 Net income of the financial year

	2025	2024
Note	£	£
Net income is stated after charging/(receiving):		
External auditors - audit services	20,150	19,800
- non-audit services	5,100	4,158
Professional indemnity insurance	69,799	61,989
Intangible fixed assets		
Amortisation	35,053	35,178
Tangible fixed assets		
Depreciation	30,751	55,011
Loss on disposal	-	7,855
Operating leases		
Land and buildings	39,471	81,239
Other	-	-
Foreign exchange costs	37	682
Employer pension contributions	20 <u>770,691</u>	<u>850,188</u>

## 8 Analysis of staff costs

	2025	2024
	£	£
Total staff costs were:		
Salaries	5,626,383	5,099,610
Employers' National Insurance contributions	636,568	548,974
Pension contributions payable	736,973	850,188
	<u>6,999,924</u>	<u>6,498,772</u>
Employment agency staff	126,376	18,415
<b>Total staff costs before restructuring and pension provision liability adjustments</b>	<b>7,126,300</b>	<b>6,517,187</b>
Restructure costs	595,970	-
Deficit contributions payable in the year (included in contributions paid above)	-	(91,277)
Decrease in expected future deficit contributions	-	(2,650,918)
<b>Total staff costs charged to the SOFA</b>	<b>7,722,270</b>	<b>3,774,992</b>

## 8 Analysis of staff costs (continued)

	<b>2025</b>	2024
	<b>Number</b>	Number
Standards	<b>12</b>	23
Assurance and Enhancement	<b>73</b>	51
International	<b>17</b>	26
Leadership	<b>8</b>	9.5
<b>Total average number of employees on a full-time equivalent basis</b>	<b>110</b>	109.5
<b>Total average number of employees on a headcount basis</b>	<b>126</b>	125

During the year, there were redundancy and termination payments accounted for which amounted to £269,203 (2024: nil).

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 were:

	<b>2025</b>	2024
	<b>Number</b>	Number
£150,000-£159,999	1	-
£140,000-£149,999	-	1
£100,000-£109,999	1	1
£90,000-£99,999	2	1
£80,000-£89,999	-	1
£70,000-£79,999	2	4
£60,000-£69,999	13	12

Employees earning more than £60,000 participated in both the Universities Superannuation Scheme (18) and SAUL (1) (see note 20). The aggregate amount paid to the scheme for these employees was:

	<b>2025</b>	2024
	<b>£</b>	£
Employer contributions	<b>205,726</b>	257,563

## 9 Remuneration of directors and key management personnel

The key management personnel of the charity comprise the trustees and senior executive staff (see the Directors' Report above).

There were no emoluments paid to the trustees during the year. Eleven trustees were reimbursed expenses to the value of £2,474 during the year (2024: 8 trustees, £2,081). The expenses paid related solely to travel and incidentals.

The total employee benefits (including Employer Pension contributions and Employers' National Insurance contributions) received by the senior executive staff of the charity was £707,621 (2024: £567,210). The restructure has resulted in one additional senior executive post.

The highest paid employee is the Chief Executive, whose remuneration and benefits, including Employer Pension contributions and Employers' National Insurance contributions, in the year were £202,416 (2024: £194,093).

During the year, QAA purchased Directors and Officers Liability Insurance (which included Trustee Indemnity Insurance).

## 10 Taxation

Under part II of CTA 2010, the charity is not subject to taxation on its charitable activities.

## 11 Intangible fixed assets

	Computer Software £	Total £
<b>Cost</b>		
At 1 August 2024	591,698	591,698
Additions	-	-
Disposals	-	-
<b>At 31 July 2025</b>	<b>591,698</b>	<b>591,698</b>
<b>Amortisation</b>		
At 1 August 2024	493,939	493,939
Charge for the year	35,053	35,053
Disposals	-	-
<b>At 31 July 2025</b>	<b>528,992</b>	<b>528,992</b>
<b>Net book value at 31 July 2025</b>	<b>62,706</b>	<b>62,706</b>
Net book value at 31 July 2024	97,759	97,759

## 12 Tangible fixed assets

	Leasehold improvements	Computer equipment	Furniture and other equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 August 2024	-	467,639	142,629	610,268
Additions	-	27,641	-	27,641
Disposals	-	(309,229)	-	(309,229)
<b>At 31 July 2025</b>	<b>-</b>	<b>186,051</b>	<b>142,629</b>	<b>328,680</b>
<b>Depreciation</b>				
At 1 August 2024	-	418,082	141,550	559,632
Charge for the year	-	30,105	647	30,752
Disposals	-	(309,229)	-	(309,229)
<b>At 31 July 2025</b>	<b>-</b>	<b>138,958</b>	<b>142,197</b>	<b>281,155</b>
<b>Net book value at 31 July 2025</b>	<b>-</b>	<b>47,093</b>	<b>432</b>	<b>47,525</b>
Net book value at 31 July 2024	-	49,557	1,079	50,636

The directors consider that the market value of fixed assets does not differ significantly from their book value.

### 13 Fixed asset investments

	Quoted investments £	Total £
<b>At 1 August 2024</b>	<b>6,587,758</b>	<b>6,587,758</b>
Additions at cost	3,488,527	3,488,527
Disposals at opening market value or cost if bought in year	(3,308,026)	(3,308,026)
Net increase in cash held and settlements outstanding	4,026	4,026
Net gain on revaluation to year end market value	345,966	345,966
<b>At 31 July 2025</b>	<b>7,118,251</b>	<b>7,118,251</b>

Quoted investments are revalued and stated at market value as at 31 July 2025. The net gain on revaluation does not include the realised gain of £2,361. Realised and unrealised gains are £348,327.

Unquoted investments are stated at cost. QAA holds one ordinary £1 share (100%) in QAA Enterprises Limited, a wholly owned trading subsidiary company registered in England and Wales no. 07588108, with the principal office at Southgate House, Southgate Street, Gloucester, GL1 1UB.

Quoted investments are included at market value and held as follows:

	At 31 July 2025 Cost £	At 31 July 2025 Market value £	At 31 July 2024 Cost £	At 31 July 2024 Market value £
Listed on a recognised stock exchange				
- in the UK	6,098,263	6,444,050	5,929,709	5,917,582
- outside the UK				
Cash and settlements pending held as part of the investment portfolio	674,201	674,201	670,175	670,175
	<b>6,772,464</b>	<b>7,118,251</b>	<b>6,599,884</b>	<b>6,587,757</b>

## 14 Debtors

	2025	2024
	£	£
Trade debtors	1,016,736	967,205
Sundry debtors	9,033	422
Prepayments	251,297	168,186
Accrued income	447,843	67,288
	<u>1,724,909</u>	<u>1,203,101</u>

We are currently not holding a provision for doubtful (doubtful debts provision 2024: £nil).

## 15 Creditors: amounts falling due within one year

	2025	2024
	£	£
Trade creditors	163,484	90,376
Taxation and social security	205,422	157,697
Pension contributions	103,998	94,657
Other creditors	23,761	35,139
Accruals	410,571	474,004
Deferred income	4,409,539	4,244,327
	<u>5,316,775</u>	<u>5,096,200</u>
At start of year	4,244,327	4,211,094
Release income deferred in prior years	(4,039,689)	(4,142,523)
Deferred income received in current year	4,204,901	4,175,756
At end of year	<u>4,409,539</u>	<u>4,244,327</u>

Deferred income relates to contractual commitments which will not be delivered until next year. It is therefore not appropriate to recognise the income at this stage.

## 16 Related party transactions

Due to the nature of QAA's operations and the composition of the QAA Board of Directors, transactions take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in which a member of the Board may have an interest are conducted at arm's length and in accordance with QAA's financial regulations and normal procurement procedures. No transactions were identified that should be disclosed under *Financial Reporting Standard 8: Related Party Disclosures*.

**QAA is a member of Scottish Credit and Qualifications Framework Partnership, a company limited by guarantee and registered in Scotland number SC311573.**

## 17 Provision for liabilities

Provisions have been made for the following:

### Holiday pay

The movement in the provisions during the year is:

	<b>Holiday Pay</b>
	<b>£</b>
At 1 August 2024	<b>148,753</b>
Provided during the year	<b>(1,827)</b>
Utilised in the year	<b>-</b>
<b>At 31 July 2025</b>	<b><u>146,926</u></b>

### Reinstatement of premises

The Reinstatement of premises provision covers the cost of returning our Gloucester premises to their original condition at the end of the licence.

	<b>Reinstatement of premises</b>
	<b>£</b>
At 1 August 2024	<b>10,710</b>
Provided during the year	<b>-</b>
Utilised in the year	<b>(5,710)</b>
<b>At 31 July 2025</b>	<b><u>5,000</u></b>

## 18 Pension liability provision

The total pension cost charged to the SOFA is:

	Charity	
	2025	2024
	£	£
Employer contributions payable in the year	770,691	850,188
Deficit contributions payable in the year (included in employer contributions above)	-	(91,277)
Change in expected future deficit contributions	-	(2,650,918)
<b>Total pension cost charged to the SOFA</b>	<b>770,691</b>	<b>(1,892,007)</b>

The movement in the provision is:

	Charity	
	2025	2024*
	£	£
At 1 August	-	2,680,761
Charged to the SOFA - deficit contributions payable in the year	-	(91,277)
Charged to the SOFA - change in expected future deficit contributions	-	(2,650,918)
Unwinding of discount	-	61,434
At 31 July 2025	-	-

\*During the prior year the latest actuarial valuation of the USS pension scheme was completed. The scheme returned to a surplus position of £7.4bn, a position that was reinforced by the estimated valuation as at 31 March 2025 (based on the monitoring of the 2023 valuation) of £10.1bn. The pension deficit provision of £2.7m was therefore released in full in 2024.

## 19 Analysis of charitable funds

### Analysis of movements in unrestricted funds

	<b>Funds at 1 August 2024</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Transfers</b>	<b>Gains and losses</b>	<b>Funds at 31 July 2025</b>
	£	£	£	£	£	£
<b>Designated funds:</b>						
Innovation and development	198,821	-	-	-	-	198,821
Business transformation	156,000	-	(739,596)	700,000	-	116,404
<b>Total designated funds</b>	<b>354,821</b>	<b>-</b>	<b>(739,596)</b>	<b>700,000</b>	<b>-</b>	<b>315,225</b>
<b>General fund</b>	<b>6,040,605</b>	<b>10,061,872</b>	<b>(9,897,024)</b>	<b>(700,000)</b>	<b>348,327</b>	<b>5,853,780</b>
<b>Total unrestricted funds</b>	<b>6,395,426</b>	<b>10,061,872</b>	<b>(10,636,620)</b>	<b>-</b>	<b>348,327</b>	<b>6,169,005</b>

	<b>Funds at 1 August 2023</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Transfers</b>	<b>Gains and losses</b>	<b>Funds at 31 July 2024</b>
	£	£	£	£	£	£
<b>Designated funds:</b>						
Innovation and development	391,721	-	(192,900)	-	-	198,821
Business transformation	-	-	-	156,000	-	156,000
<b>Total designated funds</b>	<b>319,721</b>	<b>-</b>	<b>(192,900)</b>	<b>156,000</b>	<b>-</b>	<b>354,821</b>
<b>General fund</b>	<b>2,697,067</b>	<b>8,768,499</b>	<b>(5,641,427)</b>	<b>(156,000)</b>	<b>372,466</b>	<b>6,040,605</b>
<b>Total unrestricted funds</b>	<b>3,088,788</b>	<b>8,768,499</b>	<b>(5,834,327)</b>	<b>-</b>	<b>372,466</b>	<b>6,395,426</b>

The purpose of the designated fund for Innovation and development (I&D) is:  
'for innovation in products and services for the long-term benefit of UK higher education'.

## 19 Analysis of charitable funds (continued)

### Analysis of net assets between funds

	General fund	Designated funds	Total 2025
	£	£	£
Tangible fixed assets	47,525	-	47,525
Intangible fixed assets	62,706	-	62,706
Fixed asset investments	7,118,251	-	7,118,251
Cash at bank and in hand	2,369,090	315,225	2,684,315
Other net current liabilities	(3,591,866)	-	(3,591,866)
Provisions	(151,926)	-	(151,926)
<b>Total net assets 31 July 2025</b>	<b>5,853,780</b>	<b>315,225</b>	<b>6,169,005</b>

	General fund	Designated funds	Total 2024
	£	£	£
Tangible fixed assets	50,636	-	50,636
Intangible fixed assets	97,759	-	97,759
Fixed asset investments	6,587,757	-	6,587,757
Cash at bank and in hand	3,357,014	354,821	3,711,835
Other net current liabilities	(3,893,098)	-	(3,893,098)
Provisions	(159,463)	-	(159,463)
<b>Total net assets 31 July 2024</b>	<b>6,040,605</b>	<b>354,821</b>	<b>6,395,426</b>

## 20 Pensions (defined benefit schemes)

QAA participates in two defined benefit pension schemes. The employer pension contributions payable were as follows:

	2025	2024
	£	£
Universities Superannuation Scheme (USS)	580,404	620,875
Superannuation Arrangements for the University of London (SAUL)	190,287	229,313
	<u>770,691</u>	<u>850,188</u>
Employer contributions outstanding at the balance sheet date (included above)	<u>103,998</u>	<u>94,657</u>

In addition to the Final Salary section within USS for current members, employees joining the Scheme after 30 September 2011 will join the Career Revalued Benefits section (subject to some transitional rules). From 1 April 2016 all USS members were moved to the Retirement Income Builder section.

Similarly, employees joining SAUL after 30 June 2012 will join the Career Average Revalued Earnings (CARE) section of that scheme (subject to some transitional rules). On 1 April 2016 all Final Salary members were moved to the CARE section.

The contribution rates as a percentage of pensionable salary are as follows:

			Employer	Employee
USS	Retirement Income Builder section	From 1 January 2024	14.50%	6.10%
SAUL	Career Average Revalued Earnings section	From 1 January 2024	21.00%	6.00%

### Universities Superannuation Scheme

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2023 (the valuation date), which was carried out using the projected unit method.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2023 valuation was the seventh valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £73.1 billion and the value of the scheme's technical provisions was £65.7 billion indicating a surplus of £7.4 billion and a funding ratio of 111%.

## 20 Pensions (defined benefit schemes) (continued)

The key financial assumptions used in the 2023 valuation are described below. More detail is set out in the Statement of Funding Principles.

CPI assumption	3% p.a. (based on a long term average expected level of CPI, broadly consistent with the long term market expectations)
Pension increases (subject to a floor of 0%)	Benefits with no cap: CPI assumption plus 3bps Benefits subject to a 'soft cap' of 5% (providing inflationary increases up to 5%, and half of any excess inflation over 5% up to a maximum of 10%): CPI assumption minus 3bps
RPI/CPI gap	1.0% p.a. to 2030, reducing to 0.1% p.a. from 2030
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.5% p.a. Post-retirement: 0.9% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2023 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	<b>2023 valuation</b> 101% of S2PMA 'light' for males and 95% of S3PFA for females.
Future improvements to mortality:	CMI_2021 with a smoothing parameter of 7.5, an initial addition of 0.4% p.a., 10% w2020 and w2021 parameters, and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

The current life expectancies on retirement at age 65 are:

	2025	2024
Males currently aged 65 (years)	23.8	23.7
Females currently aged 65 (years)	25.5	25.4
Males currently aged 45 (years)	25.7	25.6
Females currently aged 45 (years)	27.2	27.2

### Superannuation Arrangements for the University of London

QAA participates in the Superannuation Arrangements of the University of London (SAUL), which is a centralised defined benefit scheme within the United Kingdom and was contracted out of the Second State Pension (prior to April 2016).

## 20 Pensions (defined benefit schemes) (continued)

SAUL is an independently managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings (CARE) basis.

QAA is not expected to be liable to SAUL for any other current participating employer's obligations under the rules of SAUL, but in the event of an insolvency of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer may be spread across the remaining participating employers and reflected in the next actuarial valuation.

### Funding policy

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the trustee in paying SAUL's benefits as they fall due (the 'Technical Provisions'). The trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments that arise from members' accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2023. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed in June 2024 and are due to be reviewed at SAUL's next formal valuation in 2026.

At the 31 March 2023 valuation, SAUL was 105% funded on its Technical Provisions basis. As SAUL was in surplus on its Technical Provisions basis, no deficits contributions were required. The trustee and the employers have agreed that the ongoing Employers' contributions fell from a rate of 21% of CARE Salaries to 19% of CARE Salaries on 1 September 2024.

QAA participates in one defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and were as follows:

	<b>2025</b>	2024
	£	£
The People's Pension	<u>14,579</u>	<u>5,171</u>
Employer contributions outstanding at the balance sheet date	<u>1,878</u>	<u>561</u>

## 21 Reconciliation of net income to net cash flow from operating activities

	2025	2024
	£	£
<b>Net (expenditure)/ income for the year</b>	<b>(226,421)</b>	<b>3,306,641</b>
<b>Adjustments for:</b>		
Depreciation charge	65,805	90,189
Loss on disposal	-	7,855
(Gains) on investments	(348,327)	(372,466)
Investment income	(255,709)	(280,111)
Decrease in debtors	(521,808)	907,756
(Decrease) in creditors	220,575	(711,861)
(Decrease) in provisions	(7,537)	(2,942,367)
<b>Net cash (used in) / provided by operating activities</b>	<b>(1,073,422)</b>	<b>5,636</b>

## 22 Analysis of cash and cash equivalents

	2025	2024
		£
Cash at bank and in hand - liquid assets	2,684,315	3,711,835
Cash at bank - fixed asset investments	674,201	670,175
<b>Cash at bank and in hand at the end of the year</b>	<b>3,358,516</b>	<b>4,382,010</b>

## 23 Reconciliation of net debt

	At 1 August 2024	Cashflows	At 31 July 2025
	£	£	£
Cash	3,711,835	(1,027,520)	2,684,315
Cash equivalents	670,175	4,026	674,201
<b>Total</b>	<b>4,382,010</b>	<b>(1,023,494)</b>	<b>3,358,516</b>

## Glossary

FRS 102	The Financial Reporting Standard applicable in the UK and Republic of Ireland
S2P	State Second Pension
SAUL	Superannuation Arrangements for the University of London
Charities SORP	Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)
SOFA	Statement of Financial Activity
USS	Universities Superannuation Scheme

© The Quality Assurance Agency for Higher Education 2025  
Southgate House, Southgate Street, Gloucester GL1 1UB  
Registered charity numbers: 1062746 and SC037786

Tel: 01452 557000  
Web: [www.qaa.ac.uk](http://www.qaa.ac.uk)