



The Quality Assurance Agency for Higher Education

Annual Report and Financial Statements

2023-2024

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Foreword from Professor Simon Gaskell, Chair of QAA Board

Having been fortunate to serve as the chair of QAA's Board since 2019, I will, by the time of the next annual report, have reached the end of my second term and therefore have handed over to a new chair, who will join the Agency at a fascinating time. 2023-24 has been another highly significant year for the UK, for the higher education sector and for QAA.

A change of government at Westminster has brought new hopes, and perhaps new uncertainties, to a sector which has in recent years experienced increasing financial pressures exacerbated by high levels of inflation, mixed public messaging and measures to restrict study-related immigration.

The last twelve months have also seen the sector facing scrutiny over its approaches to international student recruitment and franchised provision.

We have seen limited progress in strategies to promote lifelong learning – but also exciting opportunities for the future growth of degree apprenticeships and the promotion of widening access to (and success in) higher education, as well as concrete steps, notably in Scotland and Wales, to create closer collaboration between higher and further education.

Meanwhile the ongoing impacts of artificial intelligence in education and employment have continued to make headlines and to provoke a varying mix of optimism and anxiety in students, education institutions, policymakers, and in wider society.

QAA has had key roles to play in all these areas, and above all remains crucial to the international reputation of UK higher education.

I would this year highlight two developments in particular.

First, the Scottish Funding Council's Tertiary Quality Enhancement Framework. This is a carefully constructed and highly collaborative programme, under which QAA is proud to lead workstreams on quality assurance and quality enhancement across both higher and further education. It will allow QAA to apply its expertise across the whole tertiary landscape, and thereby to develop it further; the Agency will find synergies wherever possible, enable providers to learn from a broader evidence base, and will build on the spirit of partnership that distinguishes the Scottish approach – without in any way compromising what is distinct about the two sectors.

Second, the successful bid for a major contract from a sector regulator. QAA has been commissioned by the Nursing and Midwifery Council to take on (starting in 2024-25) the external quality assurance of all training and education provision for nurses and midwives throughout the UK. This is of course a significant vote of confidence in the Agency's expertise and in the value of independent quality assurance; I believe it also shows the extent to which QAA has successfully adapted in response to a changing policy and market environment.

That landscape will continue to evolve, inevitably, but I am confident that QAA remains well placed to tailor its work to support the sector and students in the most effective way, and where appropriate to provide leadership and insight – and I look forward to seeing it continue to flourish.

Foreword from Vicki Stott, QAA Chief Executive

QAA has had a full and fulfilling year in addressing the array of challenges that Simon has outlined.

In February, QAA was commissioned by Universities UK to carry out a rigorous evaluation of international pathway programmes. Published in July, our report and its recommendations were welcomed by a range of sector bodies and gained the attention of sector and mainstream media.

We have published a special edition of Quality Compass on franchising and have coordinated with other key sector bodies to promote the range of sector-owned resources on the subject that have been published in the last few months.

In transnational education we have continued to develop and grow our QE-TNE Scheme, commissioned by Universities UK and GuildHE – an initiative whose participant base has expanded to include all relevant Scottish providers and which this summer published its midpoint report.

In November, we published a policy paper on the Lifelong Learning Entitlement and have in 2024 followed this up with two publications that address one of the crucial barriers to this initiative – the vexed question of consistency among credit transfer mechanisms – presenting both a review of current sectoral practice and a guide to effective practice.

We've also published a policy paper on degree apprenticeships, alongside a resource toolkit for providers and a report on the current state of degree apprenticeships in England, the output of a QAA-funded Collaborative Enhancement Project led by colleagues from Staffordshire University.

This summer we celebrated the registration of the millionth student onto Access to Higher Education Diploma provision since QAA started managing the scheme in 1997. We also published a major resource on strategies to close awarding gaps – while QAA Scotland has run a highly successful series of events exploring ways in which providers can maintain the quality of the learner experience through the cost-of-living crisis.

We have this year worked closely with governments, sector bodies and providers to support processes for the enhanced integration of tertiary sectors, with the most concerted moves being in Scotland as Simon has described.

And, in the area of artificial intelligence, we have – alongside our ongoing work on academic integrity – continued to support and inform the development of provider approaches, sector strategies and national policies through the publication of a special edition of Quality Compass, and the launch of a major curated resource bringing together an extensive range of outputs detailing sector responses to the growing impacts of artificial intelligence on higher education.

QAA has, in short, remained front and centre of these key debates. And that's something which has allowed the Agency to add real value across the sector – and to help to enhance the sector's contribution to all four nations of the UK.

It was an important year for our cross-UK standards work, on behalf of the sector. In addition to our publication in February of the updated edition of the Frameworks for Higher Education Qualifications – and in April of the new editions of 13 Subject Benchmark

Statements – this summer we published the first full new edition of the UK Quality Code for Higher Education since 2018.

This landmark publication demonstrated, yet again, the collective power of the UK sector – students, colleagues and providers large and small – to come together to develop, own, promote and celebrate its key principles and to share its best practices. The positive and enthusiastic responses to the new Quality Code, and to other such initiatives which we at QAA have supported, facilitated and curated, show that the value of sector-owned standards is understood within providers, by sector bodies, and by sector press.

From our Collaborative Enhancement Projects in England and Wales – alongside 20 years of Enhancement Themes in Scotland – through to our growing work internationally (including evolving collaborations with such organisations as the British Council and the Department for Business and Trade), it is always so extraordinarily inspiring to see the impacts that our work can make across the world.

In July, I had the honour of being elected to the presidency of the International Network for Quality Assurance Agencies in Higher Education. Through the course of this year, we at QAA have signed memoranda of understanding with fellow agencies in different countries – from Montenegro, Romania, Slovakia, and Cyprus to Tunisia, Uzbekistan, Indonesia, Chile and Vietnam. In May, we hosted a delegation of Western Balkan quality agencies at an event in Scotland. Our conferences attract delegates and speakers from across the globe.

In England, we have continued to work closely with providers, sector bodies and policymakers in the development and promotion of the effective practices and strategies to meet the challenges, expectations and opportunities of today's HE environment.

And, as Simon has written, in May this year, following a competitive public tender process, QAA was awarded the contract for the provision of the quality assurance of nursing and midwifery education by the Nursing and Midwifery Council. At the start of September, we began that work.

I am very proud of everyone at QAA who, through all this work, continues to serve and support our core, shared values, in our efforts to increase educational opportunities, to promote the public good, and to enhance people's prospects and their lives.

Strategic Report

QAA works across the whole of the UK. With distinct and separate systems of quality assurance in each nation, QAA works with regulators, funding agencies, higher education institutions, students and other stakeholders to deliver tailored approaches for each context.

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 do 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

Sector-reference points

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

This year marked the launch of an updated version of the UK Quality Code, a core reference point that has been used across the UK sector for many years. We worked with stakeholders across the sector including providers, mission groups and funder/regulator bodies to redevelop the Code, with over 300 staff and students engaged throughout the process. The new Code will soon become embedded into review methods across the UK nations.

We also published 16 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. Advisory Groups were convened to review a further eight Statements which will be published in spring 2025.

International Pathway Programmes standards evaluation

We were commissioned this year by Universities UK to undertake a specific piece of work following media coverage regarding international pathway programmes. The evaluation analysed over 6,000 pieces of evidence and utilised 36 of our expert peer reviewers to make judgements.

We made a number of recommendations that were well received by the sector, and additionally will consider the outcomes from this review in our own work in the future, both in relation to quality enhancement, and development of sector reference points.

Assurance and Enhancement

Enhancement in England

QAA members engaged deeply with our membership programme across the 2023-24 academic year. Programming covered topics such as generative artificial intelligence, flexible delivery, innovation in quality processes, educational gain, effective evaluation and student engagement.

We funded 18 new Collaborative Enhancement Projects led by QAA Members to co-create research and practical outputs on a variety of priority topics such as generative AI, student voice, assessment, the future of exam boards, apprenticeships and aspects of equity and inclusion.

We held seven major conferences including our 2024 Quality Insights Conference, our Assessment Festival and our in-person Member Network event.

Over 150 new resources were developed for our members across the year, including five practical toolkits:

- Making the language of assessment inclusive
- Implementing phenomenon-based learning
- Developing a social enterprise learning experience
- A framework for inclusive higher education
- Hosting virtual careers fairs

Our substantial publications during the year included:

- The Awarding Maps – a holistic view of the factors that result in awarding gaps between students with different characteristics.
- Beyond the baseline – a resource aimed at supporting our members to see how key sector reference points along with Membership resources can be used to demonstrate they are meeting and exceeding the regulatory baseline.
- Generative AI resources: Our suite of webpages relating to Generative Artificial Intelligence enables our members to understand the opportunities and challenges these tools bring while maintaining academic standards.

Moving towards tertiary coherence in the devolved nations

This year has brought significant evolution and development across QAA's work in Scotland, Wales and Northern Ireland representing substantial progress in our strategic priority to develop support for institutions across the tertiary sector.

In Scotland, QAA has led a programme of work across the tertiary sector to co-create a new external review method, and a new approach to national enhancement activity.

Commissioned by the Scottish Funding Council (SFC), The Tertiary Quality Enhancement Review (TQER) supports the vision for the new Tertiary Quality Enhancement Framework (TQEF) for a more coherent approach to quality assurance, improvement and enhancement across the tertiary sector, that supports public confidence and the ambition for a more integrated tertiary system and seamless learner journeys. TQER is a peer-led, enhancement-focused approach. It contains the flexibility to support different institutional contexts, modes of delivery and levels of learning.

This work culminated in a proposal to the SFC for Scotland's Tertiary Enhancement Programme (STEP). The proposal outlines a programme that supports Scotland's tertiary sector to innovate in quality enhancement. 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. It will enable the alignment of national and sector priorities and the development of a programme of work to address challenges collectively rather than individually. At its core, STEP will provide collaborative spaces where ideas can be shared, and a tertiary quality culture grown, that creates positive change for learners, staff, and other sector stakeholders.

In Wales, QAA has worked with Welsh Government, the Higher Education Funding Council (HEFCW), and with the new Commission for Tertiary Education and Research (Medr) to develop a Quality Framework for the post-16 sector in Wales. Aligning with the early strategic objectives for Medr, the Framework aims to minimise duplication and reduce burden for institutions while also ensuring consistently high-quality experience for learners. This year also saw QAA implement the first year of the new external review cycle for higher education providers in Wales, the Quality Enhancement Review (QER). This first year of a six-year cycle, has focussed on supporting providers' preparations for review.

In Northern Ireland, QAA was delighted to receive confirmation of a commission from the Department for the Economy (DfE) to develop a set of proposals for the next external quality assurance review method for higher education across all tertiary institutions. The proposals include design of a review method, a sector preparation plan and implementation plan. QAA is working with DfE on shaping an approach that is practical in the context of the Northern Ireland sector and value a sector level enhancement approach to support practice, innovation and promotion of the impact of higher education in Northern Ireland.

QAA's work in Scotland

QAA completed 12 Quality Enhancement and Standards Reviews and 7 Institutional Liaison Meetings during the 2023-24 academic year as part of Phase One of a two-phase approach to external institutional quality review of higher education institutions in Scotland. The design and delivery of an effective and inclusive digital/blended offering continues to be an area of intense interest for staff and students. 2023-24 was the second year of a collaboration across quality agency partners and the SFC in Scotland to support improvement and enhancement of practice in the Scottish tertiary sector around curriculum delivery, with the aim of delivering better outcomes for learners. QAA co-delivered a series of institution and curriculum team focused workshops with the College Development Network (CDN) to share practice around effective digitally enhanced blended learning for Scottish colleges and universities across all SCQF levels.

In a cross-tertiary event, QAA hosted a one-day conference exploring the current picture of assessment in an AI world across Scotland and beyond. The event was framed by the learner voice, and enabled staff to evaluate the suitability of AI for academic tasks, manage bias and discrimination when using Generative AI (Gen AI) in educational settings and explore what students expect, want and need from Gen AI to support their studies for their assessment.

In response to the ongoing impact of the current cost-of-living crisis on learners studying at Scotland's colleges QAA SWNI and SHEEC took forward a project to deliver a series of sessions for educators and students, providing an opportunity to engage with a range of current research and expertise, to discuss changes and adjustments to support students with the current challenge.

QAA's work in Wales

QAA completed two Gateway Quality Reviews this year, for Coleg Gwent and St Padarn's Institute. To support implementation of the first year of the new Quality Enhancement Review cycle in Wales, QAA undertook a range of activity, including a series of preparatory workshops for the sector. We also revised the Student Guide for reviews in Wales to support students taking part in review visits. QAA's published knowledge base of the outcomes of review work conducted in Wales since 2017 provides significant information about judgements and categories of good practice and recommendations, including report text, and can be filtered by themes – increasing transparency and engagement with QAA review outcomes.

QAA's Networks continue to promote and embed effective practice in key challenges across the higher and tertiary education sector, including academic integrity and generative AI, micro-credentials (cross SWNI) and degree apprenticeships. These networks are supported via grant funding with HEFCW. HEFCW grant funding also supported two sector-wide projects. The first project looked at the impact of staff professional development on student outcomes through a case study approach. It forms a comprehensive resource of innovative learning and teaching initiatives across further and higher education. The second project focused on student perceptions of enhancement, to understand how students perceive enhancement. The report provides evidence of a wide and accessible range of learner voice mechanisms and a feeling of community and belonging at school or department level, and extending more widely across their provider.

QAA continues to strengthen our Welsh language commitment, through language awareness training, use of Welsh language impact assessments and development of new initiatives. QAA's latest annual report was published in January 2024.

QAA's work in Northern Ireland

In Northern Ireland, QAA delivered a programme of regular engagement with universities, university colleges, and colleges in Northern Ireland. QAA hosted the Northern Ireland Enhancement Conference, at Ulster University in November 2023.

Regulation of the Access to Higher Education Diploma

This year has seen significant change in QAA's approach to managing the Recognition Scheme for the Access to Higher Education diploma, as we have begun the journey of refreshing the regulatory arrangements.

The early part of the year was focussed on changes to the Grading Scheme and Diploma Specification that all Access to HE Diplomas will have to follow from August 2024. We also finalised a Subject Descriptor for Nursing and Health Professions Diplomas for pilot from August 2024, which we hope will bring enhanced consistency to diplomas offered in what is both a highly popular and strategically important subject area.

We have undertaken a significant recruitment exercise for our Access Recognition and Licensing Committee, which we renamed in year to the Access Regulation and Licensing Committee. We welcomed new members to scrutinise and challenge QAA as we move forward with our new arrangements.

We also have begun the process of the major refresh of regulatory arrangements, with consultation launched in May 2024. Our focus in the next year will be on analysing the results of this consultation and implementing changes to our regulatory arrangements.

Assessment services

We launched two more Assessment Services activities in this year to complement the two launched near the end of the previous year. We received particularly strong demand for our Degree Awarding Powers service, where a number of providers at different stages of their development journey have sought to access different elements of the service. We have received universally positive feedback for the service overall, including attributed testimonials from some clients.

Our other services performed at a slower pace, and this will be a focus for us on building across the next year. A particular challenge has been ensuring understanding by higher education providers of the range of services that QAA is now offering which differ significantly from the large-scale review activity QAA is particularly known for, and a focus in the next year will be on developing this further.

Nursing and Midwifery Council

In May 2024, we were awarded a minimum 3-year contract with the Nursing and Midwifery Council as their Quality Assurance Service Partner, to begin on 1 September 2024. We are delighted to be partnering with the NMC on this work, and have been undertaking an expedited method development process, as well as putting in place other necessary infrastructure elements in order to commence activity immediately in September once the contract begins.

International

Quality Evaluation and Enhancement for Transnational Education Scheme

In 2023-24, we played a key role in protecting the global reputation of UK higher education through our offer for UK providers. The Quality Evaluation and Enhancement of Transnational Education Scheme (QE-TNE) commissioned by Universities UK and GuildHE and the International Insights packages served a combined 117 UK HEIs, evaluating, enhancing and supporting their internationalisation strategies.

The QE-TNE Scheme completed the third of a five-year cycle with the publication of an interim report highlighting achievements and looking ahead at the future. There was country-specific activity on China, Cyprus, Greece and Viet Nam comprising eight TNE institution visits, twelve case studies, three thematic insights reports and three country and territory guides.

Following the publication of Scottish Funding Council guidance making participation in QE-TNE a requirement for all Scottish degree awarding bodies engaging in TNE from academic year 2024-25, we decided to open the Scheme to new members in England with a formal launch event in Glasgow in September.

International Insights

The International Insights (II) membership package delivered content to 79 English member universities, and a total of 107 including Scotland, Wales and Northern Ireland. Services included three PVC International Network and three International Partnerships Policy and Practice Network events, training on managing risks, international partnerships and

international student experience and insights resources on Hong Kong, Philippines, Uzbekistan, Bangladesh, and Kazakhstan.

By keeping in close contact with UK and overseas stakeholders including sector representative bodies, British Council, UK Government and partner quality bodies we offer the most relevant up-to-date insights, information and support to members.

International accreditation, consultancy and membership activity

Despite a competitive environment, with some global accrediting agencies aggressively pricing down, accreditation, consultancy and international membership increased their total contribution to QAA's income base in 2023-24 by 36% compared to the previous year. Institutions in Kazakhstan, UAE, Malaysia, Bahrain, Egypt, and Kuwait and the pan-Arab AOU went through institutional accreditation (IQR). The World Bank funded 'IQR for ACE Impact' enabled an additional 17 providers in Nigeria, Ghana and Ivory Coast to proceed to different stages of institutional review. The announcement by the World Bank of the extension of funding until June 2025 will allow more institutions to proceed to more advanced stages, including eventually accreditation. Total combined income for IQR and IQR ACE for Impact was of over £875,000 (against £630,000 the previous year) and represented 45% of the International revenue in 2023-24. International Programme Accreditation (IPA) included institutions in Nigeria, Bahrain, Kuwait, and the pan-Arab Arab Open University.

A total of 13 bespoke work contracts were delivered for organisations including the Education and Youth Development Bureau (DSEDJ) of the Government of Macao, HK University Grants Committee, Ras Al Khaimah Economic Zone, British Council Vietnam and Uzbekistan, Nottingham Trent University, Council of British International Schools, Patent Examination Board, British Embassy Jakarta, Tashkent State University of Law and Qatar National Committee for Qualifications and Academic Accreditation.

International Membership and Associate Membership reached 28 (7 full, 21 associate). We anticipate international membership growing as the service develops, and as more institutions access full membership following successful accreditation.

Leadership

Domestic engagement

QAA's public affairs activity has increased in reach and impact in the reporting period. We have developed a new public affairs strategy that highlights goals for our stakeholder relationships, communications, and policy and expertise activity by 2027.

One of the most significant areas of activity for the team was the publication of QAA's 'Quality in England' policy series that laid out policy positions on topics from international compliance in quality assurance, and lifelong learning, to degree apprenticeships and the financial challenges in the higher education sector. These papers have supported wider public affairs engagement across the political spectrum. Public affairs activity in the nations has continued to support our statutory roles in the nations, particularly as we move to a tertiary approach in Scotland, and transition to a new funder/regulator body in Wales. The public affairs team have also conducted in-depth qualitative analysis of the Teaching Excellence Framework submissions to support the sector in quality enhancement, and now have a data analyst in the team to develop insight for use across the agency.

With a new Westminster Government in post, we will work to ensure QAA is best placed to offer its advice and expertise on quality and standards wherever it might be useful.

International engagement

We continued our work to position QAA as a thought-leader in quality assurance globally. In 2023-24, we signed or renewed partnership agreements with a total of 13 quality assurance bodies in Albania, Bulgaria, Chile, China, Cyprus, Georgia, Indonesia, Montenegro, Romania, Slovakia, Tunisia, Uzbekistan and Vietnam. The total number of Memoranda of Understanding reached its highest number on record (33).

We held two international partner forums online with 27 agencies in attendance, focusing on transnational education. On the occasion of Education World Forum, we secured individual meetings with Education ministers from Armenia and Uzbekistan, and quality assurance agencies, British Council directors and institutional leaders from Tunisia, India, Malaysia, Mauritius and Pakistan.

We contributed sessions to CHEA Conference, ENQA Members' Forum and INQAAHE Forum. Contributions to British Council events included Going Global conference, Deep Dialogues in London and Edinburgh and East Asia Education Week in Kuala Lumpur. We participated in a DBT-led mission to Pakistan, and delivered workshops on quality assurance to government officials in Uzbekistan, Kazakhstan, Bulgaria, Cyprus and Greece. We also participated in the Tunisia-UK Joint Higher Education Commission summit on the invitation of the UK Embassy.

We contributed to British Expertise International's sector-wide engagement through membership of their Education Working Group and with the publication of a case study on our work in West Africa for their report on 'Systems Strengthening: The UK Education providers' contribution to the global education systems' launched during Education World Forum.

We have formed an International Advisory Committee to provide us with strategic advice and insights in our international activity. Its membership includes quality assurance leaders from agencies in Nigeria, Egypt, the Netherlands, India, Indonesia and UAE, and from UUKi, British Council and Richmond American University London.

Looking ahead

The change of Westminster Government towards the end of 2023-24 raises the prospect of a different approach to tertiary education in England, though we do not anticipate any immediate implications for QAA's work. Financial pressures in the sector are likely to continue, and QAA will continue to focus on the value of our services to the sector, including through membership, and we plan changes to our organisational structure to support our strategy. Our new structure will also support the continued expansion of our international work.

In Scotland, QAA will continue to work with partners as we lead two crucial workstreams in the Tertiary Quality Enhancement Framework, and we look ahead to completing the first Tertiary Quality Enhancement Reviews and to the launch of Scotland's Tertiary Enhancement Programme.

In Wales we anticipate closer alignment between our work in higher education and Estyn's work in further education as the Commission for Tertiary Education and Research, now known as Medr, develops its strategic plan and approach to quality. In Northern Ireland, we hope to see a return to active quality assurance work through a new review method.

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 2023-27 strategy. The total resources expended note, on page 39 (note 7), splits these categories down further and includes an allocation of support costs across the aims.

Results

QAA's 2023-24 activities were funded primarily through membership from higher education providers, contracts with the higher education funding bodies, international review activity and charges for oversight and review of alternative providers of higher education. Additional income was generated through other investment income.

QAA's net income for the year ended 31 July 2024, before recognising investment gains, was £2,932,727 (2023: £639,935). After recognising gains on investments of £372,466 (2023: loss of £82,183), the net movement in funds for the year was an increase of £3,305,193 (2023: £557,752) which has increased reserves. The accumulated funds at 31 July 2024 are £6,395,779 (2023: £3,090,586).

QAA's wholly owned trading subsidiary, QAA Enterprises Limited (QAAE), has made a loss of £1,448 (2023: loss of £440) to the group surplus. QAAE made a gift aid payment of £1,128 (2023: £1,567) to the charity in the year.

Income

Total income as shown in the Statement of Financial Activities (SOFA) decreased by £1,342,771 (13.3%) to £8,767,372 between 2022-23 and 2023-24. Income from charitable activities shows a decrease of £1,393,242 (14.1%).

The decreased income between 2023 and 2024 was as a result of our withdrawal from our role as the Designated Quality Body (DQB) in England during 2023, a reduction of £2.6 million in income for 2024. This was offset by an increase in international income of £531,466 (due to an increase in International Quality reviews and Programme Accreditation activity); an increase in UK membership income of £231,626 mainly driven by an inflationary increase; and £218K from newly launched products and services in the UK. There was additional income from funding councils of £223,819 as we started to develop a new approach in Scotland and undertook additional activities in Wales.

Income from investments has increased by £50,471 (22.0%) to £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 the movement in the pension provision as shown in the SOFA, decreased by £3,635,563 (38.4%) to £5,834,645 between 2022-23 and 2023-24.

During the financial year the latest actuarial valuation of the USS pension scheme (as at the 31 March 2023) was completed. The scheme returned to a surplus position of £7.4bn, a position that was reinforced by the estimated valuation as at the 31 March 2024 (based on the monitoring of the 2023 valuation) of £9.3bn or 114% funded. The pension deficit provision of £2.7m was therefore released in full during the year. The ongoing employer contributions also decreased on 1 January 2024 from 21.6% of payroll to 14.5%.

Expenditure on charitable activities before the movement in the pension provision decreased by £1,615,659 (16%) to £8,502,406 (2023: £10,118,067). Expenditure associated with international activity increased by £61K in line with the increased income in this area and expenditure in respect of Assurance and Enhancement decreased by £1.34 million in line with reduction in income following the withdrawal from our position as the DQB in England. Savings were made following the decision to exit the Gloucester and Glasgow offices and move to remote working.

A breakdown of charitable expenditure between the strategic aims is shown in note 6 on page 38.

An analysis of charitable expenditure between direct costs and support costs is provided in the total charitable expenditure note (note 7, page 39).

Balance sheet

Total funds on QAA's group balance sheet are £6,395,779 (2023: £3,090,586). This is mainly due to the release of the pension provision from 2023 of £2,680,761 and also release of the premises provision of £289,290. The operational changes are as follows - the net book value of tangible and intangible fixed assets held by the group and charity shows a decrease of £48,928. The net book value of fixed asset investments has increased by £571,426 to £6,587,757.

Debtors have decreased by £907,756 to £1,203,101 and creditors have decreased by £713,263.

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 £1.3-£2.0 million. The level of available free reserves is £5.9 million is above this range. The Board is considering plans to reduce the level of free reserves.

As part of the Trustees' responsibilities of the appropriateness of adopting the going concern basis in preparing the financial statements, a range of scenarios have 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 2024 and forecasts and cash flow projections prepared for the period to

31 July 2026. The cash flow projections indicate that the group 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 £391,721; £192,900 was expended during the year to fund development of new UK services.

At their meeting in June 2024, the Board agreed to set aside an additional fund for 'Business Transformation' of £156,000.

At 31 July 2024, QAA's free reserves as defined by the Charities SORP were £5,992,030 (2023: £2,501,542).

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 2023-24, 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 £6 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 £68,470 from short-term working capital balances, together with interest and dividends of £211,641 received from fixed-asset investments.

The market value of the investments is £6.6 million (2023: £6.0 million). The net unrealised loss in the market value of funds held at 31 July 2024 was £12,129 (2023: gain £372,466), reflecting the uncertainty in the stock markets worldwide. 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 2024:

- 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 continue 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
- The Quality Code
- The Access to Higher Education Regulatory framework
- Educational Oversight method
- Report of QAA's compliance with the Welsh Language Measure (Wales) 2011.

Various policies and procedures, including:

- Consolidated Appeals Procedure
- Data Subjects' Rights Procedure
- Freedom to Speak Up Policy
- Scheme of Delegated Authority
- Subject Access and Information Request Procedure
- Cyber Essentials changes
- Modern Slavery Statement.

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), Higher Education Funding Council for Wales, 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 2023-24 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: 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 have responsibility for a particular area, and work with staff to provide advice and support which, in turn, enhances Board understanding and scrutiny.

During the year 2023-24, the average Board meeting attendance was 90% (95% in 2022-23). Individual Board member attendance was as follows:

Name	Attendance for 2023-24 (out of four meetings)
Craig Watkins	2 (out of 2)
John Sawkins	4 (out of 4)
Tim Woods	4 (out of 4)
Chloe Field	2 (out of 4)
Nic Beech	4 (out of 4)
Oliver Turnbull	4 (out of 4)
Sara Drake	2 (out of 2)
Simon Gaskell (Chair)	4 (out of 4)
Vanessa Davies	1 (out of 1)
Sue Rigby	1 (out of 4)
Rachid Hourizi	4 (out of 4)
Karl Leydecker	3 (out of 4)
Xenia Levantis	4 (out of 4)
Peter Vermeulen	4 (out of 4)
Fazal Dad	3 (out of 4)
Alex Fraser	4 (out of 4)
Phil Deans	4 (out of 4)
Odette Hutchinson	4 (out of 4)
Richard Khaldi	3 (out of 3)
Ladan Saghafi	3 (out of 3)
Caroline Carter	2 (out of 3)
Alexander Stanley	0 (out of 0)

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

Board committees

There were eight Board committees in operation during 2023-24, 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

Operations:

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

QAA Board of Directors

From 1 August 2023 to 31 July 2024, the following served as directors and trustees on the QAA Board:

Independent members

Simon Gaskell (Chair)	Former President and Principal, Queen Mary University of London (appointed March 2019)
Vanessa Davies	Former Director General, Bar Standards Board (appointed December 2017, served to December 2023)
Sara Drake	Chief Executive, ICSA (appointed January 2018, served to January 2024)
Rachid Hourizi	Director, Institute of Coding, University of Bath (appointed March 2022)
Craig Watkins	Chief Executive and Managing Director, Kantar Public UK (appointed December 2017, served to December 2023)
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)

Independent member: alternative provider

Alex Fraser	Chief Executive, The London Institute of Banking & Finance (appointed June 2023)
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Independent member: student

Sophia Xenia Levantis	PhD Student, University of Bristol (appointed October 2022)
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Nominated jointly by GuildHE Limited, Universities Scotland, Universities UK and Universities Wales

Karl Leydecker	Senior Vice-Principal, University of Aberdeen (appointed June 2022)
Sue Rigby	Vice-Chancellor, Bath Spa University (appointed October 2019)
Nic Beech	Vice-Chancellor, Middlesex University (appointed September 2021)
Tim Woods	Pro Vice-Chancellor of Learning, Teaching and Student Experience, Aberystwyth University (appointed October 2022, served to August 2024)

Nominated jointly by the Department for Education (Northern Ireland), Higher

Education Funding Council for Wales and the Scottish Funding Council

John Sawkins	Deputy Principal (Education and Student Life), Professor of Economics, Heriot-Watt University (appointed October 2019)
Oliver Turnbull	Pro-Vice-Chancellor (Teaching and Learning), Professor of Neuropsychology, Bangor University (appointed September 2019)
Odette Hutchinson	Pro Vice Chancellor, Ulster University (appointed June 2023)

Nominated by the Association of Colleges

Fazal Dad	Principal & Chief Executive, Blackburn College (appointed March 2023)
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Nominated by the National Union of Students

Chloe Field	Vice-President (Higher Education), NUS (appointed July 2022, served to July 2024)
Alexander Stanley	Vice-President (Higher Education), NUS (appointed July 2024)

Co-opted members

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

Our Executive team in 2023-24 was:

- Vicki Stott, Chief Executive
- Caroline Blackburn, Finance Director
- Alastair Delaney, Executive Director of Operations
- Tom Yates, Director of Corporate Affairs

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 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, HR and Public and Commercial Services (PCS) Union.

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 achieving a target of Net Zero by 2040. 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 are monitored by both our Corporate Social Responsibility and Sustainability 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 2023-24.

Fundraising activities

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

Equality statement

We recognise the positive benefits of equity, diversity and inclusion and are committed to providing opportunities, products and services, alongside our wider commitment to quality, which embrace diversity and promote equity and diversity. We demonstrate this through our internal policies and ways of working. We also embed it in our work, as equity is an integral part of our approach to quality assurance and enhancement. Equity is a key element of our view of a high-quality educational experience and the expectations students can rightly have of the providers of UK higher education.

The Human Resources and Organisational Development team has strategic responsibility for organisational development, including equity, diversity and inclusion. Our approach to equity, diversity and inclusion is ongoing, and we regularly review relevant policies and internal practices. We conduct an Agency wide survey that all colleagues (including Reviewers) are invited to take part in, which focuses on the demographics of the Agency and helps us identify future action and required improvements.

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 for which QAA has a duty to comply. QAA continues to produce annual reports for the Welsh Language Commitment that notes 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 ARC.

European Standards and Guidelines

Compliance with the ESG is fundamental for QAA, not only to enable all of QAA's work in Scotland, Wales and Northern Ireland and in England through its membership model, but also to the fundamental 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 ESGs.

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 is not currently in active use.

All QAA Board members completed a declaration of interest on appointment and any conflicts are recorded at each meeting in the minutes.

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 2023-24 included risks to the Agency's revenue as a consequence of wider 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 a planned organisational restructure in 2024-25. Risks emerging from the continued rise of artificial intelligence and its implications for academic integrity and quality assurance were also considered significant; 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 adaptation 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

Registered name	The Quality Assurance Agency for Higher Education
Other names used by the company	QAA, QAA Scotland
Company registration number	03344784 (England and Wales)
Charity registration numbers	1062746 (England and Wales) SC037786 (Scotland)
Registered and principal office	Southgate House, Southgate Street, Gloucester, GL1 1UB
Operational addresses	Southgate House, Southgate Street, Gloucester, GL1 1UB
Company Secretary	Tom Yates, Director of Corporate Affairs
Senior management (with delegated authority)	Vicki Stott, Chief Executive
Bankers	HSBC Bank plc, The Cross, Gloucester, GL1 2AP and Lloyds Bank plc, 10 Gresham Street, London, EC2V 7AE
Investment managers	Rathbones Investment Management Limited, 1 Curzon Street, London, W1J 5FB Barclays Private Bank (Barclays Bank PLC), 40-42 Queen Square, Bristol, BS1 4QP
Solicitors	Shakespeare Martineau, No 1 Colmore Square, Birmingham, B4 6AA
Independent auditor	Crowe U.K. LLP, 4 th 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 charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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, and enable them to ensure 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 the group, 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 2024.

The Strategic Report, Directors' Report and financial statements were approved by the Board on 11 December 2024 and were signed on its behalf by:

<p>Professor Simon Gaskell Chair of the Board of Directors</p> 	<p>Tom Yates Company Secretary</p> 
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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') and its subsidiaries ('the group') for the year ended 31 July 2024 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group and Charity Statements 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 group's and the charitable company's affairs as at 31 July 2024 and of the group's 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 group 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 or the group'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 group and 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 pages 20 and 21, 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. 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 and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, The Charities and Trustee Investment (Scotland) Act 2005, together with the Charities SORP (FRS102) 2019. 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 fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were the Higher Education and Research Act 2017 (HERA), General Data Protection Regulation, Health and Safety legislation, and employment legislation.

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.

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, reviewing accounting estimates for biases, reviewing regulatory correspondence

with the Charity Commission and Scottish Charity Regulator, designing and performing audit procedures over the timing of contract income, 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 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.

[This report has not yet been signed]

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]

**Consolidated statement of financial activities
(including consolidated income and expenditure account)
for the year ended 31 July 2024**

	Notes	2024 £ Unrestricted funds	2023 £ Unrestricted funds
Income from:			
Charitable activities	5	8,487,261	9,880,503
Other trading activities	3	-	-
Investments	4	280,111	229,640
Total income		8,767,372	10,110,143
Expenditure on:			
Fundraising trading costs		320	1,448
Investment management costs		12,682	11,756
Raising funds		13,002	13,204
Charitable activities	6, 7	5,821,643	9,457,004
Total expenditure		5,834,645	9,470,208
Net gains / (losses) on investments		372,466	(82,183)
Net income and net movement in funds for the year	8	3,305,193	557,752
Reconciliation of funds			
Total funds brought forward		3,090,586	2,532,834
Total funds carried forward	22	6,395,779	3,090,586

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 32 to 58 form part of these financial statements.

Balance sheets as at 31 July 2024

(Company number: 03344784)

	Notes	Group		Charity	
		2024	2023	2024	2023
		£		£	£
Fixed assets:					
Intangible fixed assets	12	97,759	132,937	97,759	132,937
Tangible assets	13	50,636	64,386	50,636	64,386
Investments	14	6,587,757	6,016,331	6,587,758	6,016,332
Total fixed assets		6,736,152	6,213,654	6,736,153	6,213,655
Current assets:					
Debtors	15	1,203,101	2,110,857	1,203,101	2,110,857
Cash at bank and in hand		3,712,188	3,677,367	3,711,835	3,674,164
Total current assets		4,915,289	5,788,224	4,914,936	5,785,021
Liabilities:					
Creditors - amounts falling due within one year	16	(5,096,199)	(5,809,462)	(5,096,200)	(5,808,060)
Net current assets		(180,910)	(21,238)	(181,264)	(23,039)
Total assets less current liabilities		6,555,242	6,192,416	6,554,889	6,190,616
Provision for liabilities	20	(159,463)	(421,069)	(159,463)	(421,069)
Pension provision liability	21	-	(2,680,761)	-	(2,680,762)
Total net assets		6,395,779	3,090,586	6,395,426	3,088,785
The funds of the group and charity:					
Designated funds	22	354,821	391,721	354,821	391,721
General funds	22	6,040,958	2,698,865	6,040,605	2,697,064
Total funds as at 31 July		6,395,779	3,090,586	6,395,426	3,088,785

The surplus for the financial year dealt with in the financial statement of the parent charity was £3,306,641 (2023: surplus £558,191).

The notes on pages 32 to 58 form part of these financial statements.

The financial statements were approved and authorised by the Board on 11 December 2024 and were signed on its behalf by:



Professor Simon Gaskell, Chair of the Board of Directors

Statement of cash flows for the year ended 31 July 2024

	Notes	Group		Charity	
		2024	2023	2024	2023
		£	£	£	£
Cash flows from operating activities:					
Net cash provided by operating activities	24	<u>2,786</u>	<u>(655,227)</u>	<u>5,636</u>	<u>(653,014)</u>
Cash flows from investing activities:					
Investment income		280,111	229,640	280,111	229,640
Proceeds from sale of investments		6,608,939	7,920	6,608,939	7,920
Purchase of investments		(6,137,731)	(694,696)	(6,137,731)	(694,696)
Purchase of intangible fixed assets		-	(5,850)	-	(5,850)
Purchase of tangible fixed assets		(49,116)	(11,645)	(49,116)	(11,645)
Net cash provided by/ (used in) investing activities		<u>702,203</u>	<u>(474,631)</u>	<u>702,203</u>	<u>(474,631)</u>
Change in cash and cash equivalents in the year		704,989	(1,129,858)	707,839	(1,127,645)
Cash and cash equivalents at the beginning of the year		<u>3,677,374</u>	<u>4,807,232</u>	<u>3,674,171</u>	<u>4,801,816</u>
Cash and cash equivalents at the end of the year	25	<u><u>4,382,363</u></u>	<u><u>3,677,374</u></u>	<u><u>4,382,010</u></u>	<u><u>3,674,171</u></u>

The notes on pages 32 to 58 form part of these financial statements.

Notes to the financial statements for the year ended 31 July 2024

1 Legal status

The Quality Assurance Agency for Higher Education (QAA) is a charitable company limited by guarantee. QAA is registered with the Charity Commission England and Wales (registered no: 1062746) and the Scottish Charity Regulator (registered no: SC037786). The charity was incorporated as a company limited by guarantee with Companies House England and Wales (registered no: 03344784). Its registered and principal office is Southgate House, Southgate Street, Gloucester, GL1 1UB.

2 Accounting policies

Companies Act 2006. As required by the *Charities Accounts (Scotland) Regulations 2006* (as amended), a cash flow statement for the charity is included.

a Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Judgements and key sources of estimation uncertainty that have had the most significant effect on amounts recognised in the financial statements are included with the relevant accounting policy below.

b Fund accounting

Unrestricted funds are incoming resources received or generated for expenditure on the general objectives of QAA. Designated funds are unrestricted funds of the charity which have been set aside by the trustees to fund particular future activities of the charity.

c 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, it is probable that the income will be received and the amount can be measured reliably.

d 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 the costs of fundraising trading incurred by the subsidiary company) 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.

2 Accounting policies (continued)

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.

e 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.

f 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.

g Tangible fixed assets and depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost of each asset in equal instalments over its expected useful life.

The depreciation rates are as follows:

- computer equipment: three years
- office furniture and equipment: five years
- leasehold improvements: over the outstanding period of the lease.

Assets costing less than £2,000 are not capitalised unless they form part of a larger capital project.

h Investments

Listed investments are shown at market value at the year end and any movements are recorded as unrealised gains or losses in the consolidated statement of financial activities. Surpluses or deficits on investments sold during the year are calculated by comparing net proceeds with market value at the start of the year and are recorded as realised gains or losses in the consolidated statement of financial activities. Unlisted investments are included at cost.

2 Accounting policies (continued)

i Debtors

Trade debtors, other debtors and accrued income are recognised at the settlement amount due after any trade discount. Prepayments are valued at the amount prepaid net of any trade discounts due.

j Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions.

k Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of financial activity.

l Creditors and provisions

Creditors and provisions are recognised when the charity has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

QAA provides paid holiday arrangements for its employees and recognises the expense in the period in which the benefit is accrued. A provision is made for the cost of holiday accrued but not taken.

m 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.

n 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 a 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

2 Accounting policies (continued)

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 other trading activities

The summary financial position of QAA's wholly owned trading subsidiary QAA Enterprises Limited is:

	2024	2023
	£	£
Turnover	-	-
Cost of sales and administrative costs	<u>(320)</u>	<u>(439)</u>
Net profit for the year	<u>(320)</u>	<u>(439)</u>

The assets and liabilities of the subsidiary were:

Current assets	353	3,203
Current liabilities	-	<u>(1,402)</u>
Total net assets	<u>353</u>	<u>1,801</u>

4 Income from investments

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

	2024	2023
	£	£
Dividend and interest income from quoted investments	211,641	187,435
Interest from cash held in interest-bearing bank accounts	<u>68,470</u>	<u>42,205</u>
Total investment income for the year	<u>280,111</u>	<u>229,640</u>

5 Income from charitable activities

	Note	2024	2023
		£	£
Memberships		3,925,475	3,543,207
Regulatory		631,997	3,245,971
Contracts with higher education funding bodies		1,532,053	1,308,234
Alternative providers of higher education		296,333	255,743
Other contracts and related income		2,101,403	1,527,348
Total income from charitable activities		8,487,261	9,880,503
Analysis by source:			
UK higher education funding councils		1,869,156	1,575,626
UK higher education institutions		3,506,936	3,634,824
UK further education institutions		334,153	364,248
UK alternative providers of higher education		775,802	544,371
Other		2,034,447	1,664,905
		8,520,494	7,783,974
Release income deferred in prior years	16	4,142,524	6,235,883
Defer income received in current year	16	(4,175,757)	(4,139,354)
			-
Total income from charitable activities		8,487,261	9,880,503

6 Expenditure on charitable activities

	Note	2024	2023
		£	£
Standards		1,604,354	1,925,743
Assurance and Enhancement		4,839,584	6,234,201
International		1,843,183	1,782,006
Leadership		215,283	176,117
Total expenditure on charitable activities before pension provision		8,502,404	10,118,067
Pension provision - deficit contributions (included above)	21	(91,277)	(221,658)
Credited to the SOFA - change in expected future deficit contributions		(2,650,918)	(550,019)
Pension provision - unwinding of discount	21	61,434	110,614
Total expenditure on charitable activities		5,821,643	9,457,004

7 Analysis of expenditure on charitable activities

	Charitable activities				Total expenditure on charitable activities	
	Standards	Assurance and Enhancement	International	Leadership	2024	2023
	£	£	£	£	£	£
Direct costs						
Staffing	996,307	2,290,580	922,179	187,651	4,396,717	4,848,774
Other review costs	55,282	656,415	255,861	27,632	995,190	1,362,552
Other direct costs	97	3,306	26,240	-	29,643	37,509
Total direct costs	1,051,686	2,950,301	1,204,280	215,283	5,421,550	6,248,835
Support costs						
Staff costs	374,790	1,294,806	450,769		2,120,365	1,799,748
Premises and office costs	38,606	144,116	36,659		219,381	1,039,765
IT	47,896	131,312	46,774		225,982	531,070
Finance	7,853	23,887	10,621		42,361	53,934
Depreciation	16,267	58,036	15,886		90,189	96,868
HR and SD costs	32,327	88,629	31,570		152,526	208,141
Other	8,862	69,207	11,362		89,431	18,133
Governance	26,067	79,291	35,261		140,619	121,573
Total support costs	552,669	1,889,283	638,902		3,080,854	3,869,232
Expenditure on charitable activities before pension provision	1,604,354	4,839,584	1,843,183	215,283	8,502,404	10,118,067
Pension provision - net (surplus)/ contributions					(2,742,195)	(771,677)
Pension provision - unwinding of discount					61,434	110,614
Total charitable expenditure					5,821,643	9,457,004

8 Net income for the financial year

	2024	2023
	£	£
Net income is stated after charging/(receiving):		
External auditors - audit services	19,800	19,800
- non-audit services	4,158	2,322
Internal auditors - audit services	-	3,600
Professional indemnity insurance	61,989	57,574
Intangible fixed assets		
Amortisation	35,178	48,771
Tangible fixed assets		
Depreciation	55,011	159,056
Impairment Provision	-	(119,196)
Loss on disposal	7,855	-
Operating leases		
Land and buildings	81,239	283,419
Other	-	1,434
Foreign exchange costs	682	3,637
Employer pension contributions	23 850,188	947,027

9 Analysis of staff costs

	2024	2023
	£	£
Total staff costs were:		
Salaries	5,099,610	5,004,648
Employers' National Insurance contributions	548,974	539,094
Pension contributions payable	850,188	947,027
	6,498,772	6,490,769
Employment agency staff	18,415	157,554
Total staff costs before restructuring and pension provision liability adjustments	6,517,187	6,648,323
Deficit contributions payable in the year (included in contributions paid above)	(91,277)	(221,658)
Decrease in expected future deficit contributions	(2,650,918)	(550,019)
Total staff costs charged to the SOFA	3,774,992	5,876,646

9 Analysis of staff costs (continued)

	2024	2023
	Number	Number
Standards	23	20
Assurance and Enhancement	51	46
International	26	25
Leadership	9.5	11
Total average number of employees on a full-time equivalent basis	109.5	102
Total average number of employees on a headcount basis	125	121

During the year, there were ten leavers, but none left due to redundancy or termination. (2023: £126,518).

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

	2024	2023
	Number	Number
£140,000 - £149,999	1	1
£130,000 - £139,999	-	-
£100,000 - £109,999	1	-
£90,000 - £99,999	1	3
£80,000 - £89,999	1	-
£70,000 - £79,999	4	4
£60,000 - £69,999	12	4

All employees earning more than £60,000 participated in the Universities Superannuation Scheme (see note 23). The aggregate amount paid to the scheme for these employees was:

	2024	2023
	£	£
Employer contributions	257,563	237,925

10 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. Eight trustees were reimbursed expenses to the value of £2,081 during the year (2023: 11 trustees, £2,398). The expenses paid related solely to travel and incidentals.

The total employee benefits (including Employer Pension contributions and Employer National Insurance contributions) received by the senior executive staff of the charity and the group was £567,211 (2023: £572,111).

The highest paid employee is the Chief Executive whose remuneration and benefits, including Employer Pension contributions and Employer National Insurance contributions, in the year were £194,093 (2023: £194,275).

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

11 Taxation

Under part II of CTA 2010 the charity is not subject to taxation on its charitable activities. The profits of the non-charitable subsidiary will normally be gift-aided to the parent charity. Therefore, the group generally suffers no Corporation Tax on its trading activities.

12 Intangible Fixed Assets

Group and charity

	Computer Software	Total
	£	£
Cost		
At 1 August 2023	653,515	653,515
Addition	-	-
Disposals	(61,817)	(61,817)
As at 31 July 2024	<hr/> 591,698	<hr/> 591,698
Amortisation		
At 1 August 2023	520,578	520,578
Charge for the year	35,178	35,178
Disposal	(61,817)	(61,817)
As at 31 July 2024	<hr/> 493,939	<hr/> 493,939
Net book value at 31 July 2024	<hr/> 97,759	<hr/> 97,759
Net book value at 31 July 2023	132,937	132,937

13 Tangible fixed assets

Group and charity

	Leasehold improvements	Computer equipment	Furniture and other equipment	Total
	£	£	£	£
Cost				
At 1 August 2023	1,280,210	3,836,036	550,430	5,666,676
Additions	-	49,116	-	49,116
Disposals	(1,280,210)	(3,417,513)	(407,801)	(5,105,524)
At 31 July 2024	-	467,639	142,629	610,268
Depreciation				
At 1 August 2023	1,259,996	3,795,315	546,979	5,602,290
Charge for the year	13,436	40,281	1,294	55,011
Disposals	(1,273,432)	(3,417,514)	(406,723)	(5,097,669)
At 31 July 2024	-	418,082	141,550	559,632
Net book value at 31 July 2024	-	49,557	1,079	50,636
Net book value at 31 July 2023	20,214	40,721	3,451	64,386

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

14 Fixed asset investments

	Quoted investments £	Unquoted investments £	Total £
Held by the group			
At 1 August 2023	6,016,331	-	6,016,331
Additions at cost	6,137,731	-	6,137,731
Disposals at opening market value or cost if bought in year	(6,224,344)	-	(6,224,344)
Net increase in cash held and settlements outstanding	670,168	-	670,168
Net gain on revaluation to year end market value	(12,129)	-	(12,129)
At 31 July 2024	6,587,757	-	6,587,757
Held by the charity			
At 1 August 2023	6,016,331	1	6,016,332
Additions at cost	6,137,731	-	6,137,731
Disposals at opening market value or cost if bought in year	(6,224,344)	-	(6,224,344)
Net increase in cash held and settlements outstanding	670,168	-	670,168
Net gain on revaluation to year end market value	(12,129)	-	(12,129)
At 31 July 2024	6,587,757	1	6,587,758

Quoted investments are revalued and stated at market value as at 31 July 2024.

During the course of the year, the entire investment portfolio was divested and then reinvested to actively avoid fossil fuel investments.

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.

14 Fixed asset investments (continued)

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

	Group and charity at 31 July 2024		Group and charity at 31 July 2023	
	Cost	Market value	Cost	Market value
	£	£	£	£
Listed on a recognised stock exchange				
- in the UK	5,929,709	5,917,582	5,888,737	6,016,325
- outside the UK				
Cash and settlements pending held as part of the investment portfolio	670,175	670,175	7	7
	<u>6,599,884</u>	<u>6,587,757</u>	<u>5,888,744</u>	<u>6,016,332</u>

15 Debtors

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Trade debtors	967,205	1,807,989	967,205	1,807,989
Sundry debtors	422	3,163	422	3,163
Prepayments	168,186	299,705	168,186	299,705
Accrued income	67,288	-	67,288	-
Subsidiary undertaking		-		-
	<u>1,203,101</u>	<u>2,110,857</u>	<u>1,203,101</u>	<u>2,110,857</u>

We are currently not holding a provision for doubtful (doubtful debts provision 2023: £nil).

16 Creditors: amounts falling due within one year

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Trade creditors	90,376	502,563	90,376	501,861
Taxation and social security	157,697	144,890	157,697	144,890
Pension contributions	94,657	118,996	94,657	118,996
Other creditors	35,139	272,553	35,139	272,553
Accruals	474,003	559,366	474,004	558,666
Deferred income	4,244,327	4,211,094	4,244,327	4,211,094
	<u>5,096,199</u>	<u>5,809,462</u>	<u>5,096,200</u>	<u>5,808,060</u>

The movement in deferred income was as follows:

At start of year	4,211,094	6,307,623	4,211,094	6,307,623
Release income deferred in prior years	(4,142,524)	(6,235,883)	(4,142,523)	(6,235,883)
Deferred income received in current year	4,175,757	4,139,354	4,175,756	4,139,354
At end of year	<u>4,244,327</u>	<u>4,211,094</u>	<u>4,244,327</u>	<u>4,211,094</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.

17 Operating lease arrangements

Total future minimum lease payments under non-cancellable operating leases were as follows:

	Group and charity	
	2024	2023
	£	£
Land and buildings		
Within one year	-	62,595
Between two and five years	-	36,524
	<hr/>	<hr/>
	<hr/>	<hr/>
		99,119

The lease was surrendered in this financial year as we vacated the offices in Scotland.

18 Analysis of capital commitments

	Group and charity	
	2024	2023
	£	£
Contracted for but not provided	-	25,410
Authorised but not yet contracted for		-
	<hr/>	<hr/>
	<hr/>	<hr/>
	-	25,410

19 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.

20 Provision for liabilities

Provisions have been made for the following:

Holiday pay

The movement in the provisions during the year is:

	Holiday Pay £
At 1 August 2023	121,069
Provided during the year	27,684
Utilised in the year	-
At 31 July 2024	148,753

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.

	Reinstatement of premises £
At 1 August 2023	300,000
Provided during the year	
Utilised in the year	(289,290)
At 31 July 2024	10,710

21 Pension liability provision

The total pension cost charged to the SOFA is:

	Group and charity	
	2024	2023
	£	£
Employer contributions payable in the year	850,188	947,027
Deficit contributions payable in the year (included in employer contributions above)	(91,277)	(221,658)
Change in expected future deficit contributions	(2,650,918)	(550,019)
Total pension cost charged to the SOFA	<u>(1,892,007)</u>	<u>175,350</u>

The movement in the provision is:

	Group and charity	
	2024	2023
	£	£
At 1 August	2,680,761	3,341,824
Charged to the SOFA - deficit contributions payable in the year	(91,277)	(221,658)
Charged to the SOFA - change in expected future deficit contributions	(2,650,918)	(550,019)
Unwinding of discount	61,434	110,614
At the year end	<u>-</u>	<u>2,680,761</u>

22 Analysis of charitable funds

Analysis of movements in unrestricted funds

	Funds at 1 August 2023	Incoming resources	Resources expended	Transfers	Gains and losses	Funds at 31 July 2024
	£	£	£	£	£	£
Designated funds:						
Innovation and development	391,721	-	(192,900)	-	-	198,821
Business transformation	-	-	-	156,000	-	156,000
Total designated funds	391,721	-	(192,900)	156,000	-	354,821
General fund	2,698,865	8,767,372	(5,641,745)	(156,000)	372,466	6,040,958
Total unrestricted funds	3,090,586	8,767,372	(5,834,645)	-	372,466	6,395,779

	Funds at 1 August 2022	Incoming resources	Resources expended	Transfers	Gains and losses	Funds at 31 July 2023
	£	£	£	£	£	£
Designated funds:						
Innovation and development	343,694		(91,973)	140,000		391,721
Reinstatement of premises	459,000		(300,000)	(159,000)		-
Total designated funds	802,694		(391,973)	(19,000)		391,721
General fund	1,730,140	10,110,143	(9,078,235)	19,000	(82,183)	2,698,865
Total unrestricted funds	2,532,834	10,110,143	(9,470,208)	-	(82,183)	3,090,586

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'.

22 Analysis of charitable funds (continued)

Analysis of group net assets between funds

	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	3,357,367	354,821	3,712,188
Other net current liabilities	(3,893,098)	-	(3,893,098)
Provisions	(159,463)	-	(159,463)
Total net assets 31 July 2024	6,040,958	354,821	6,395,779
	General fund	Designated funds	Total 2023
	£	£	£
Tangible fixed assets	64,386	-	64,386
Intangible fixed assets	132,937	-	132,937
Fixed asset investments	6,016,332	-	6,016,332
Cash at bank and in hand	3,285,646	391,721	3,677,367
Other net current liabilities	(3,698,605)	-	(3,698,605)
Provisions	(3,101,831)	-	(3,101,831)
Total net assets 31 July 2023	2,698,865	391,721	3,090,586

23 Pensions (defined benefit schemes)

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

	Group and charity	
	2024	2023
	£	£
Universities Superannuation Scheme (USS)	620,875	734,969
Superannuation arrangements for the University of London (SAUL)	229,313	212,058
	850,188	947,027
Employer contributions outstanding at the balance sheet date (included above)	94,657	116,068

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	1 April 2023 to 31 December 2023	21.40%	9.80%
		From 1 January 2024	14.50%	6.10%
SAUL	Career Average Revalued Earnings Section	From 1 January 2023	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%. As USS was in surplus on its Technical Provisions basis, no further deficit contributions were required. The Trustee and the Employers agreed that from 1 January 2024 the ongoing Employers' contributions will fall from a rate of 21.6% of Salaries to 14.5%

23 Pensions (defined benefit schemes) (continued)

of Salaries. The previous year's deficit was released and as therefore is no provision in the Scheme Rules for an employer to receive a refund no asset has been recognised.

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%)	CPI assumption plus 3%
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

2023 valuation

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% pa, 10% w2020 and w2021 parameters, and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

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).

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

23 Pensions (defined benefit schemes) (continued)

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 will fall from a rate of 21% of CARE Salaries to 19% of CARE Salaries from 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:

	Group and charity	
	2024	2023
	£	£
The People's Pension	5,171	15,967
Employer contributions outstanding at the balance sheet date	561	2,929

24 Reconciliation of net income to net cash flow from operating activities

	Group		Charity	
	2024	2023	2024	2023
		£		£
Net income for the year	3,305,193	857,753	3,306,641	858,191
Adjustments for:				
Depreciation charge	90,189	207,828	90,189	207,828
Impairment provision	-	(110,960)	-	(110,960)
Loss on disposal	7,855		7,855	
(Gains)/Losses on investments	(372,466)	82,183	(372,466)	82,183
Investment income	(280,111)	(229,640)	(280,111)	(229,640)
Decrease in debtors	907,756	1,265,674	907,756	1,268,251
 (Decrease) in creditors	 (713,263)	 (2,040,547)	 (711,861)	 (2,041,349)
 (Decrease) in provisions	 (2,942,367)	 (687,518)	 (2,942,367)	 (687,518)
Net cash provided by operating activities	2,786	(655,227)	5,636	(653,014)

25 Analysis of cash and cash equivalents

	Group		Charity	
	2024	2023	2024	2023
	£	£		£
Cash at bank and in hand - liquid assets	3,712,188	3,677,367	3,711,835	3,674,164
Cash at bank - fixed asset investments	670,175	7	670,175	7
Cash at bank and in hand at the end of the year	4,382,363	3,677,374	4,382,010	3,674,171

26 Reconciliation of net debt

	At 1 August 2023	Cashflows	At 31 July 2024
	£		£
Cash	3,677,367	34,821	3,712,188
Cash equivalents	7	670,168	670,175
Total	3,677,374	704,989	4,382,363

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

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