



The National Assembly for Wales
Cynulliad Cenedlaethol Cymru
Resource Accounts 2001-2002

The National Assembly for Wales Resource Accounts 2001-2002

FOREWORD TO THE ACCOUNTS

Format of the accounts

The financial statements of the National Assembly for Wales (the Assembly) have been prepared in accordance with the Accounts Direction issued by HM Treasury, under Section 97 of the Government of Wales Act. A copy of the Accounts Direction is available from The National Assembly for Wales, Financial Accountability Division at Cathays Park, Cardiff, CF10 3NQ.

Function and operation

The Assembly has the power to develop and implement policies in a range of areas including: agriculture, economic development, education, environment, health, transport, housing, local government, social services, culture, sport and the Welsh language.

Principal aim and objectives

“Plan for Wales 2001” is the Assembly’s overall strategic plan and was issued in October 2001. This is published on the Assembly’s internet site www.planforwales.wales.gov.uk and replaced **betterwales.com** which was the Assembly’s original plans for managing government business in Wales.

For the purposes of analysing the Assembly’s objectives in Schedule 5, for the 2001-02 resource accounts the **betterwales.com** objectives have been used as these were in place up to October 2001. Schedule 5 summarises the aims and objectives of the Assembly at page 17 of these accounts.

In order to fulfil the Assembly’s aim **betterwales.com** identifies five key areas in order to increase economic prosperity and improve the quality of life for all the people of Wales, to promote social inclusion, to extend democratic accountability and to deliver better services throughout Wales. The objectives are:

- **Better Opportunities for Learning** – includes plans for early years development, schools, lifelong learning and active citizenship.
- **Better, Stronger Economy** – improved economic development, jobs, agriculture and the rural economy, international profile and influence, development that respects the environment.
- **Better Health and Well Being** – improving health and reducing health inequalities, clinical effectiveness of the NHS in Wales, social services and community care.
- **Better Quality of Life** – the environment, transport, housing, communities, culture, heritage and sport.
- **Better Government**- value for money, partnerships with local government and others, streamlining our work and developing as an organisation.

“Plan for Wales 2001” has the same three guiding principles as those included in Betterwales.com – Sustainable Development, Social Inclusion and Equal Opportunities.

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The Plan outlines 9 objectives for the Assembly, which are:

- Developing the Learning Country
- Improving Health and Care Services
- Modern Economy
- Creating Strong Communities
- The Place in Which We Live
- Rural Wales
- Identity
- Modern Government
- Cymru Arlein – Promoting ICT

Sources of funding

The Assembly's funding is primarily provided by Parliament through the Wales Office, and from the European Union.

Accounting boundary

These accounts reflect the assets, liabilities and the results of the Assembly.

The Assembly has two Executive Agencies - 'Cadw: Welsh Historic Monuments' (Cadw) and the Welsh European Funding Office (WEFO).

The Assembly is also responsible for operating the finance function of the Royal Commission for Ancient and Historic Monuments (Wales) and has included its expenditure in these accounts.

Consolidated resource accounts, reflecting the position for all entities within the accounting boundary as defined in the Resource Accounting Manual (RAM), are produced separately. For 2001-02, these entities include Cadw, WEFO and the Health Authorities in Wales.

Results for the year

The results for the period are reported in detail in the attached accounts. They record a net operating cost of £8,437,656,000 (2000-01 - £7,562,197,000) and a net resource outturn against Assembly budget of £9,191,369,000 (2000-01 - £8,241,168,000).

Movements in fixed assets

Fixed asset additions in the period were £138,201,000. Fixed assets were re-valued in the period, resulting in a net increase in value of £172,683,000, of which £172,420,000 related to roads and infrastructure assets.

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Lending and Investing Activities

As part of its normal course of business the Assembly issues loans or Public Dividend Capital to other public sector bodies in Wales. The majority of these funds are issued to the National Health Service in Wales. Other loans exist with Local Authorities, Education Authorities and Housing Associations. Additionally, the Assembly has responsibility for managing the National Loans Fund loans to the Welsh Development Agency.

At 31 March 2002 the Assembly had investments totalling £1,221,684,000, comprising outstanding advances from the National Loans Fund of £12,080,000, Public Dividend Capital of £1,206,959,000 and other loans of £2,645,000.

The Assembly's loan funds are lent at a variety of interest rates, mostly determined by HM Treasury.

Review of activities

The activities of the Assembly are reported each year in an annual report – The First Minister's Report. These documents are laid before the Assembly and are published on the Assembly web site.

Operational targets

A number of operational targets are agreed by the Assembly. Performance against these targets is published in The First Minister's Report.

Better Government

The Assembly has developed its own programme called "Delivering Better Government" in response to the Modernising Government initiative in England. "Delivering Better Government" emphasises the need for the Assembly to develop as an organisation if it is to meet the challenge of delivering the programme set out in Plan for Wales 2001. This applies to both the goals themselves and to the new ways of working which underpin them.

The vision in "Delivering Better Government" is of an Assembly which:

- Sets the highest standards in public administration and public service
- Is a quality employer, which engages and empowers its staff at all levels, and
- Is a learning organisation in which standards of performance are continuously improved and benchmarked against other organisations.

The improvement process in place at the Assembly is made up of 2 key elements – using the European Foundation for Quality Management's (EFQM) Excellence Model at a divisional level to stimulate the improvement process and a number of cross-cutting "Delivering Better Government" projects with office-wide implications.

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Equal opportunities

The Assembly is an Equal Opportunities employer. Policies are in place to guard against discrimination which are aimed to ensure that there are no unfair or illegal discriminatory barriers to access to employment or careers advancement in the Assembly.

The Assembly has an Equal Opportunities Committee, supported by an Equal Opportunities Unit, which is responsible for developing and promulgating Equal Opportunities policies.

The Assembly Equal Opportunities policy states that all staff should be treated equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disability or religion. Employment and promotion is solely on merit. Staff who have alternative working patterns are assessed on exactly the same basis as those working full-time.

Cabinet and Senior Officers

There were 9 Assembly Cabinet posts during the financial year 2001-02:

| <i>Cabinet Member</i> | <i>Post Held</i> |
|-----------------------|---|
| Rhodri Morgan | First Minister & (from 5/7/2001 to 26/2/2002) Minister for Economic Development |
| Michael German | Deputy First Minister (stepped down temporarily on 5/7/2001) |
| Jane Davidson | Minister for Education & Lifelong Learning |
| Andrew Davies | Minister for Assembly Business (to 26/2/2002), Minister for Economic Development (from 26/2/2002) |
| Sue Essex | Minister for Environment |
| Edwina Hart | Minister for Finance, Local Government & Communities |
| Jane Hutt | Minister for Health & Social Services |
| Carwyn Jones | Minister for Rural Affairs & (from 26/2/2002) Minister for Assembly Business |
| Jenny Randerson | Minister for Culture, Sport & Welsh Language & (from 5/7/2001) Deputy First Minister |

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The composition of the Assembly Executive Board during the year was as follows:

| <i>Senior Official</i> | <i>Post Held</i> |
|------------------------|--|
| Sir Jon Shortridge | Permanent Secretary |
| George Craig | Senior Director – Social Policy and Local Government Affairs |
| Derek Jones | Senior Director – Economic Affairs, Transport, Planning & Environment |
| Ann Lloyd | Director – NHS Wales |
| Paul Silk | Clerk to the Assembly |
| Winston Roddick QC | Counsel General |
| Huw Brodie | Director – Agriculture Department |
| Richard Davies | Director – Training & Education Department |
| Martin Evans | Director – Transport, Planning & Environment Group |
| Peter Gregory | Director - Personnel, Management and Business Services Group |
| Ruth Hall | Chief Medical Officer |
| Bryan Mitchell | Cabinet Executive (to 21 January 2002), Health Reorganisation (from 22 January 2002) |
| Adam Peat | Director – Local Government, Housing & Culture Group |
| David Pritchard | Director – Economic Development Department |
| David Richards | Principal Finance Officer |
| Helen Thomas | Director – Social Care Group |
| Barbara Wilson | Director – Research & Development Group |
| John Clarke | Chief Executive – WEFO |

Senior official appointments

The permanent head of the Assembly was appointed by the Prime Minister on the recommendation of the Head of the Home Civil Service.

Some of the other members of the Executive Board are appointed following approval by the Prime Minister on the recommendation of the Head of the Home Civil Service.

All these appointments are for an indefinite term under the terms of the Senior Civil Service contract. The rules for appointment are set out in chapters 5 and 11 of the Civil Service Management Code.

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Remuneration of Assembly Members and the Executive Board

Assembly Members' remuneration is determined by the Assembly under the provisions of Section 16 of the Government of Wales Act.

The Permanent Secretary's remuneration is set individually by the Head of the Civil Service on the recommendation of the Permanent Secretaries' Remuneration Committee. For other members of the Executive Board, remuneration is determined by the Senior Staff Remuneration Committee chaired by the Permanent Secretary in accordance with guidelines prescribed by the Senior Salaries Review Body. Further details on remuneration are set out in note 2 to these accounts.

Pensions and early departure costs

Details of the Assembly pensions and early departure costs policies are included in the notes 1 and 2 to these accounts.

Payment policy

Under the Late Payment of Commercial Debts (Interest) Act 1998, the Assembly is required to pay suppliers' invoices not in dispute within 30 days of receipt of goods or services or valid invoice, whichever is the later.

The Assembly aims to pay 100% of invoices including disputed invoices once the dispute has been settled, in line with these terms. During the year ending 31 March 2002, the Assembly paid 97.7% of all invoices within the terms of its payment policy.

Auditors

The accounts of the Assembly are audited by the Auditor General for Wales in accordance with the Government of Wales Act 1998.

Events since the end of the financial period

There have been no events since the balance sheet date that affect the understanding of these financial statements.

**Sir Jon Shortridge
Permanent Secretary
29 October 2002**

STATEMENT OF ASSEMBLY ACCOUNTING OFFICERS' RESPONSIBILITIES

1 Under Section 97 of the Government of Wales Act 1998, the Assembly is required to prepare accounts for each financial year, in accordance with directions given to it by the Treasury. The Treasury direction requires the detailing of the resources acquired, held, or disposed of during the period. These accounts cover the financial year to 31 March 2002.

2 The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Assembly, its net operating cost, recognised gains and losses and cash flows for the financial period.

3 Under Section 98 of the Government of Wales Act, the Treasury has designated the Permanent Secretary as Principal Accounting Officer (PAO) of the Assembly. The PAO is responsible for the overall organisation, management and staffing of the Assembly. This includes responsibility for Assembly-wide systems in finance and other matters, where these are appropriate, and for the management of the Assembly's net cash requirement. He is also responsible for preparing and signing the Assembly's resource accounts.

4 In preparing the accounts the PAO is required to comply with the Resource Accounting Manual (RAM) prepared by the Treasury, and in particular to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the RAM have been followed and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis.

5 Under Section 98 of the Government of Wales Act the Treasury may designate other members of the Assembly's staff as additional Accounting Officers. The Treasury appointed the Clerk to the Assembly as additional Accounting Officer responsible for the finances relating to the relevant operational areas. The PAO has designated the Director as Accounting Officer of the National Health Service in Wales. These appointments do not detract from the Permanent Secretary's overall responsibility as PAO for the Assembly's accounts.

6 The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records, for safeguarding the Assembly's assets, and for taking reasonable steps to prevent and detect fraud and other irregularities, are set out in the Assembly Accounting Officers' Memorandum, issued by the Treasury.

7 The relationship between the PAO of the Assembly and the other Accounting Officers, as described in paragraph 5 above, together with their respective responsibilities, are agreed between the officials concerned.

STATEMENT ON INTERNAL CONTROL

1 As Accounting Officer, I have responsibility for maintaining a sound system of internal control which supports the achievement of the Assembly's policies, aims and objectives and for safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in my appointment letter. I have delegated some of these responsibilities to the other Accounting Officers, as explained in the Statement of Assembly Accounting Officers' Responsibilities, the relationship between us being set out in a written statement.

2 The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

3 The system of internal control is based on a continuing process designed to identify the principal risks to the achievement of the Assembly's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. I shall have the procedures in place to implement HM Treasury guidance on risk management in March 2003. This will provide the time needed fully to embed the processes which need to be established, and to improve their robustness.

4 During 2001-2 a risk management workshop was held during which the Executive Board risks were identified. Subsequently the control strategy for each of those risks has been identified.

5 Risk Management is now considered on a monthly basis by the Executive Board and there will be a full risk and control assessment before reporting on the year ending 31 March 2003.

6 During the coming year the Assembly will:-

- Publish a risk management policy document approved by the Executive Board;
- Ensure each division develops, monitors and takes ownership of its own risk register;
- Establish a system for review of risk management; and
- Incorporate into its business planning the concept of risk.

7 The Assembly has an Internal Audit Unit, which operates to standards defined in the Government Internal Audit Manual. They submit regular reports which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement to the Corporate Governance Committee. The Corporate Governance Committee reports to the Executive Board.

8 My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, and the executive managers who have responsibility for the development and maintenance of the internal control framework, and who are required to provide certificates of assurance relating to their system of internal financial control. These include identification of areas which may need to be strengthened, and comments made by the external auditors in their management letter and other reports.

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9 During 2001-02 my internal auditors and executive managers identified a number of instances where the Assembly's procurement procedures had not been followed. In response to this I have made a number of significant improvements to existing controls and procedures.

**Sir Jon Shortridge
Permanent Secretary
29 October 2002**

**THE CERTIFICATE AND REPORT OF THE AUDITOR GENERAL FOR WALES
TO THE MEMBERS OF THE NATIONAL ASSEMBLY FOR WALES**

I certify that I have audited the financial statements on pages 12 to 42 under Section 97 of the Government of Wales Act 1998. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 18 to 21.

Respective responsibilities of the Accounting Officer and Auditor

As described on page 7, the Accounting Officer is responsible for the preparation of the financial statements, in accordance with the Government of Wales Act 1998 and Treasury directions made thereafter, and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government of Wales Act 1998 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the National Assembly for Wales has not kept proper accounting records or if I have not received all the information and explanations I require for my audit.

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

I review whether the statement on pages 8 and 9 reflects the National Assembly for Wales' compliance with Treasury's guidance "Corporate Governance: Statement on Internal Control". I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

Basis of audit opinion

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

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

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the National Assembly for Wales at 31 March 2002 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year to 31 March 2002, and have been properly prepared in accordance with the Government of Wales Act 1998 and directions made thereunder by the Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial statements conform to the authorities which govern them.

I have no observations to make on these financial statements.

**John Bourn
Auditor General for Wales
13 November 2002**

**3 – 4 Park Place,
CARDIFF
CF10 3DP**

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Schedule 1 – Summary of Resource Outturn 2001-2002

| | 2001-02 | | | 2000-01 |
|---|---------------------------|------------------|-------------------------|--------------------------------|
| | Outturn | | | (Restated) |
| | Gross Expenditure £000 | Income £000 | Net Expenditure £000 | Prior Year Out-turn £000 |
| Health & Social Services | 3,472,599 | (150,256) | 3,322,343 | 3,006,002 |
| Local Government | 2,871,845 | - | 2,871,845 | 2,691,157 |
| Housing & Other Local Government Services | 509,085 | (469) | 508,616 | 484,973 |
| Transport, Planning & Environment | 724,535 | (3,947) | 720,588 | 653,322 |
| Agriculture & Rural Development | 223,966 | (1,059) | 222,907 | 196,906 |
| Economic Development | 375,454 | (48,003) | 327,451 | 204,051 |
| Education & Lifelong Learning | 1,006,121 | (17,851) | 988,270 | 812,951 |
| Culture, Sport & the Welsh Language | 71,660 | (6,636) | 65,024 | 53,358 |
| Forestry | 34,179 | (19,854) | 14,325 | - |
| Estyn | 8,443 | (3) | 8,440 | 7,250 |
| Welsh Administration Ombudsman & Health Service Commissioner | 517 | - | 517 | 486 |
| Auditor General for Wales | 2,127 | - | 2,127 | 1,967 |
| Administration & Assembly direct costs | 139,392 | (476) | 138,916 | 128,745 |
| Net Resource Outturn | 9,439,923 | (248,554) | 9,191,369 | 8,241,168 |

Note:

No estimate figures are included for 2001-02 as the Assembly only introduced resource based budgeting from 2002-03.

Reconciliation of Resources to Cash Requirement

| | Note | £000 |
|--|-------|------------------|
| Net Resource Outturn | | 9,191,369 |
| Capital: | | |
| Capital expenditure & financial investment | 8 | 175,023 |
| Credit approvals issued | 26 | (253,036) |
| Non Assembly budget expenditure / (income): | | |
| Department of Social Security health funding | 6 | (335,657) |
| European Union (EU) income | 6 | (163,993) |
| Non retainable programme income | 6 | (25,684) |
| Other expenditure outside Assembly budget | | 24,657 |
| Accruals adjustments: | | |
| Non cash transactions | 3 & 4 | (576,364) |
| Notional recharges to Wales Office, Cadw & WEFO | 17 | 2,002 |
| Movements in working capital other than cash | 11 | (66,273) |
| Transfer from provision | 16 | 245 |
| Excess cash payable to Consolidated Fund | | 27,928 |
| Net cash requirement (Schedule 4) | | 8,000,217 |

The notes on pages 18 to 42 form part of these accounts.

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Analysis of income payable to the Consolidated Fund

The following income is payable to the Consolidated Fund:

| | 2001-02 Outturn | |
|--|------------------------|-----------------|
| | <i>Income</i> | <i>Receipts</i> |
| | <i>£000</i> | <i>£000</i> |
| Operating income in the Assembly budget: | | |
| Within net administration costs | 1 | 1 |
| Operating income not retainable by the Assembly: | | |
| Within net programme costs | 7,447 | 8,670 |
| | 7,448 | 8,671 |
| Non operating income | | |
| Non Domestic Rates | 672,390 | 672,649 |
| Other | 638 | 638 |
| | 680,476 | 681,958 |

The notes on pages 18 to 42 form part of these accounts.

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**Operating Statement
for the year ended 31 March 2002**

| | Note | Year ended 31 March 2002 | | Year ended 31 March 2001 | |
|--|------|-----------------------------|------------------|-----------------------------|-----------|
| | | £000 | £000 | £000 | £000 |
| PROGRAMME COSTS | | | | | |
| Expenditure | 4 | | 9,072,141 | | 8,064,178 |
| Income | | | | | |
| Non EU Income | 6 | (601,973) | | (478,690) | |
| EU Income | 6 | (171,440) | | (152,036) | |
| | | | (773,413) | | (630,726) |
| Net Programme Costs | | | 8,298,728 | | 7,433,452 |
| Assembly Members' Costs | Note | | | | |
| Salaries | 2 | 3,519 | | 3,046 | |
| Other Assembly Costs | 3 | 14,919 | | 13,101 | |
| Income | 6 | (163) | | (7) | |
| | | | 18,275 | | 16,140 |
| ADMINISTRATION COSTS | Note | | | | |
| Staff Costs | 2 | 81,569 | | 68,393 | |
| Other Administration Costs | 3 | 39,397 | | 44,807 | |
| Gross Administration Costs | | 120,966 | | 113,200 | |
| Administration Income | 6 | (313) | | (595) | |
| Net Administration Cost | | | 120,653 | | 112,605 |
| NET OPERATING COST | | | 8,437,656 | | 7,562,197 |
| NET RESOURCE OUTTURN (Schedule 1) | | | 9,191,369 | | 8,241,168 |

**Statement of Recognised Gains and Losses
for the year ended 31 March 2002**

| | Note | Year ended 31 March 2002 | Year ended 31 March 2001 |
|---|------|-----------------------------|-----------------------------|
| | | £000 | £000 |
| Net gain on revaluation of tangible fixed assets | 18 | 172,758 | 192,467 |
| Retrunked roads | 9 | 75,256 | 0 |
| Detrunked roads | 9 | (183,511) | (79,117) |
| Total recognised gains & losses for the financial year | | 64,503 | 113,350 |

The notes on pages 18 to 42 form part of these accounts.

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Balance Sheet as at 31 March 2002

| | Note | At 31 March 2002 | | At 31 March 2001 | |
|---|------|------------------|------------------|------------------|------------------|
| | | £000 | £000 | £000 | £000 |
| Fixed Assets | | | | | |
| Tangible Assets | 9 | | 7,135,642 | | 7,026,462 |
| Investments | 10 | | 1,221,684 | | 1,175,002 |
| | | | <u>8,357,326</u> | | <u>8,201,464</u> |
| Current Assets | | | | | |
| Stocks | 12 | 1,843 | | 1,755 | |
| Debtors | 13 | 217,546 | | 189,741 | |
| Cash at bank and in hand | 14 | 1,317 | | 5,213 | |
| | | <u>220,706</u> | | <u>196,709</u> | |
| Bank Overdraft | 14 | (31,769) | | - | |
| Creditors: amounts falling due | | | | | |
| Within one year | 15 | (433,500) | | (360,500) | |
| Net Current Liabilities | | | <u>(244,563)</u> | | <u>(163,791)</u> |
| Total Assets less Current Liabilities | | | <u>8,112,763</u> | | <u>8,037,673</u> |
| Creditors: amounts falling due | 15 | (5,050) | | (6,848) | |
| After more than one year | | | | | |
| Provisions for Liabilities and Charges | 16 | (606) | | (808) | |
| National Loans Fund Loans | 10 | (12,080) | | (12,228) | |
| | | | <u>8,095,027</u> | | <u>8,017,789</u> |
| Taxpayer's Equity | | | | | |
| General Fund | 17 | 7,535,235 | | 7,602,398 | |
| Revaluation Reserve | 18 | 559,792 | | 415,391 | |
| | | | <u>8,095,027</u> | | <u>8,017,789</u> |

**Sir Jon Shortridge
Permanent Secretary
29 October 2002**

The notes on pages 18 to 42 form part of these accounts.

**The National Assembly for Wales
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**Cash Flow Statement
for the year ended 31 March 2002**

| | | Year ended 31 March 2002 | Year ended 31 March 2001 |
|---|------|-----------------------------|-----------------------------|
| | Note | £000 | £000 |
| Net cash outflow from operating activities | | (7,797,266) | (7,115,478) |
| Capital expenditure and financial investment | 8 | (175,023) | (90,435) |
| Non operating receipts surrenderable to Consolidated Fund | | 673,287 | 643,839 |
| Payments to the Consolidated Fund via Wales Office | | (701,215) | (1,078,769) |
| Financing from Consolidated Fund via Wales Office | 17 | 7,964,552 | 7,117,727 |
| Decrease in cash in the year | | <u>(35,665)</u> | <u>(523,116)</u> |
| Reconciliation of operating cost to operating cash flows | | | |
| | Note | | |
| Net operating cost | | 8,437,656 | 7,562,197 |
| Provisions utilised | 16 | 245 | 278 |
| Non-cash transactions : Administrative costs | 3 | (3,070) | (9,692) |
| Programme costs | 4 | (573,294) | (535,525) |
| Notional recharges to Wales Office, Cadw and WEFO | 17 | 2,002 | 1,671 |
| Movements in working capital other than cash | 11 | (66,273) | 96,549 |
| Net cash outflow from operating activities | | <u>7,797,266</u> | <u>7,115,478</u> |
| Analysis of capital expenditure and financial investment | | | |
| Issue of loans | 8 | 55,585 | 16,591 |
| Repayment of loans | 8 | (8,929) | (24,313) |
| Payments to acquire fixed assets | 8 | 130,679 | 98,976 |
| Receipts from disposal of fixed assets | 8 | (2,312) | (819) |
| Net cash outflow from investing activities | | <u>175,023</u> | <u>90,435</u> |
| Analysis of financing | | | |
| From Consolidated Fund via Wales Office | 17 | 7,964,552 | 7,117,727 |
| Decrease in cash | 14 | 35,665 | 523,116 |
| Net cash requirement | | <u>8,000,217</u> | <u>7,640,843</u> |

The notes on pages 18 to 42 form part of these accounts.

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**Schedule 5 – Resources by Assembly Objectives
For the year ended 31 March 2002**

Aim: The aim of the Assembly is encapsulated within Betterwales.com and has an emphasis on delivering change and practical results. The Plan for Wales 2001 was published in October 2001 and sets out the strategic plan for the Assembly and the vision for the long term. The Plan offers the people of Wales two things:

- A clearer sense of direction for a **modern Wales** – its economy, its environment, its society; and
- An absolute commitment to improving **public services** – our schools and hospitals

At its heart are three guiding principles:

Sustainable development – Acting now for the future: the creation of wealth whilst also promoting enduring, balanced and beneficial change in our communities and environment

Social inclusion – Attacking poverty: the development of an inclusive society where everyone has the chance to fulfil their potential;

Equal Opportunities – Achieving equality in all we do: the promotion of a culture in which diversity is valued and equality of opportunity is a reality.

| | 2001-02 | | 2000-01 | |
|-------------------------------------|------------------|------------------|------------------|-------------|
| | Gross £000 | Income £000 | Net £000 | Net £000 |
| Objectives: | | | | |
| • Better Opportunities for Learning | 930,071 | (18,213) | 911,858 | 774,071 |
| • Better, Stronger Economy | 817,287 | (235,836) | 581,451 | 462,585 |
| • Better Health & Well-being | 3,584,154 | (491,595) | 3,092,559 | 2,734,466 |
| • Better Quality of Life | 3,835,579 | (28,039) | 3,807,540 | 3,589,263 |
| • Better Government | 44,454 | (206) | 44,248 | 1,812 |
| Net Operating Costs | 9,211,545 | (773,889) | 8,437,656 | 7,562,197 |

Note 29 explains the methodology used for the allocation of resources to Assembly objectives.

The notes on pages 18 to 42 form part of these accounts.

Notes to the Assembly Resource Accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with the *Resource Accounting Manual* issued by HM Treasury. The particular accounting policies adopted by the Assembly are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets at their value to the Assembly by reference to their current costs. The accounts comply with the Code of Practice contained in the *Resource Accounting Manual*.

1.2 Basis of Accounting

These accounts reflect the assets and liabilities and the results for the year of the “core” Assembly. A further set of accounts is prepared which consolidates the assets and liabilities and the results of all the entities within the Assembly’s resource accounting boundary.

1.3 Tangible fixed assets

The property which the Assembly occupies is capitalised and appears on the balance sheet. Freehold land and buildings have been restated at current cost using professional valuations every five years and appropriate indices in intervening years, with the exception of surplus land held for immediate disposal which is included at its market value.

The Assembly has developed a computer model to estimate the value of the roads network. The roads network consists of the major trunk roads and associated structures in Wales. The model observes the principles of the ‘Appraisal and Valuation Manual’ of the Royal Institute of Chartered Surveyors. In determining the gross valuation the Assembly has capitalised the annual cost of maintaining the network.

Plant, equipment, fixtures and fittings, and vehicles have been restated at their net current replacement cost using appropriate indices.

The minimum level for capitalisation of individual assets is £5,000.

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1.4 Depreciation

The depreciation charge for the roads network consists of three elements:

- the annual maintenance charge;
- an estimate of the permanent deterioration in the condition of the network in the year (which has been calculated by the computer model, based on latest actual data on the condition of the network referred to in the fixed assets note above); and
- calculated depreciation of the structures.

Freehold land is not depreciated.

Depreciation is provided at rates calculated to write-off the value of other tangible fixed assets by equal instalments over their estimated useful lives. Lives are in the following ranges:

| | |
|------------------------------|----------------|
| Freehold buildings | up to 60 years |
| Plant, equipment & computers | 3 to 20 years |
| Furniture & fittings | 5 to 10 years |
| Motor vehicles | 5 to 10 years |

Assets under construction are not depreciated.

Impairments of tangible fixed assets are charged to the operating statement in the period in which they have occurred.

1.5 Investments

Loans and Public Dividend Capital (PDC) issued by the Assembly are shown at historical cost.

1.6 Stocks

Stock is valued at the lower of replacement cost and net realisable value. The Assembly does not consider there to be a material difference between the replacement cost and historic cost of stocks.

1.7 Operating income

Operating income relates directly to the operating activities of the Assembly. It includes both retainable income and income surrenderable to the Consolidated Fund, which HM Treasury has agreed should be treated as operating income.

1.8 Administration & Programme expenditure

The operating statement is analysed between administration and programme costs. Administration costs reflect the cost of running the Assembly, together with associated operating income. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Assembly.

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1.9 Cost of Capital charge

A charge, reflecting the cost of capital utilised by the Assembly, is included in operating costs. The charge for each item in the balance sheet is calculated on the basis of the average net book value of that item over the year. The charge is calculated at the government's standard rate of 6 per cent in real terms on all assets less liabilities, except for cash balances held by the Office of the Paymaster General, amounts repayable to the Consolidated Fund included in debtors and amounts owing to the Consolidated Fund included in creditors.

1.10 Value Added Tax (VAT)

In general the Assembly cannot recover VAT and therefore expenditure is inclusive of VAT. Expenditure on contracted-out services where VAT is recoverable is accounted for net of VAT.

1.11 Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Although the Scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. Government bodies covered by the PCSPS meet the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

The Members of the Assembly are covered by a separate contributory pension scheme, with defined benefits. The Assembly contributes amounts to this scheme, in accordance with the recommendations of the scheme's actuary. A separate set of accounts is prepared for the scheme which are published by the Assembly.

1.12 Early departure costs

The Assembly is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Assembly provides in full for this cost when the early retirement programme has been announced and is binding. The Assembly may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Paymaster General's account at the Bank of England for the credit of the Civil Superannuation Vote.

1.13 European Union (EU) income

Funds received from the EU, whatever the source, are treated as income and shown in the operating cost statement.

1.14 The Royal Commission for Ancient and Historical Monuments (Wales)

The Royal Commission is an executive non-departmental public body empowered by Royal Warrant to maintain a national record of ancient and historical sites in Wales. The Assembly, under directions from Treasury, operates the finance function of the Commission and consequently includes its expenditure in these accounts.

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1.15 Operating leases

Expenditure on operating leases, including land and buildings, is charged to the operating statement in the period in which it occurs.

1.16 Grants payable

Grant schemes administered by the Assembly were assessed individually and creditor and debtor balances compiled for material schemes.

In accordance with the Resource Accounting Manual, matters such as the period covered by the claims, the timing of the submission of the claims and the timing of the payments were taken into consideration when establishing the entitlement to grant and the basis for the creditor and debtor calculations.

Certain grant claim expenditure may be subject to scrutiny by local authority auditors. Audit of some of these claims had not been completed by the time these accounts were produced. Any adjustments arising from the audit will therefore be made in future accounting periods. These are not likely to be material.

1.17 Private Finance Initiative / Public Private Partnership transactions

Where the substance of the transaction is that the risks and rewards of ownership remain with the Assembly, the assets and liabilities remain on the Assembly's balance sheet. Where the risks and rewards are transferred to the private sector the transaction is accounted for in the operating statement through service charges.

1.18 Financial Instruments

In these accounts the Assembly has adopted Financial Reporting Standard (FRS) 13 – Derivatives and Other Financial Instruments: Disclosures. The Assembly issues financial instruments, in particular loans, to other public sector bodies in Wales such as NHS bodies. This lending occurs as part of its normal course of activities and the Assembly does not undertake any trading activity in these financial instruments. The Assembly has taken advantage of the exemption available for short term debtors and creditors. For issues of public dividend capital, fair value was calculated as the net assets of the recipient body (stated after deducting any provisions for liabilities and charges) less the amount of any loan included in the balance sheet. Other loans were discounted over their remaining life using the National Loans Fund rate of 6 per cent.

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

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2. Staff Numbers and Costs

The average number of whole-time equivalent persons employed (including senior management) during the period was **3,140** (2000-01 – 2,760).

The aggregate payroll costs of Assembly Members and staff were as follows:

| | Assembly Members £000 | Assembly Officials £000 | Special Advisers £000 | Year ended 31 March 2002 Total £000 | Year ended 31 March 2001 Total £000 |
|-----------------------|-----------------------------|-------------------------------|-----------------------------|--|---|
| Salaries | 2,703 | 68,041 | 249 | 70,993 | 59,463 |
| Social Security Costs | 249 | 4,649 | 28 | 4,926 | 4,209 |
| Other Pension Costs | 567 | 8,577 | 25 | 9,169 | 7,767 |
| Total | 3,519 | 81,267 | 302 | 85,088 | 71,439 |

Contributions of £8,460,000 (2000-01 - £7,055,000) were paid to the PCSPS at rates determined by the Government Actuary and advised by Treasury. These rates were in the range 12 – 18.5% of pensionable pay.

| Name | Position | Age | Annual Salary for year to 31 March 2002 £000 | Increase in Pension at age 60 £000 | Total Accrued Pension at age 60 at 31 March 2002 £000 |
|-----------------------------|------------------|------------|---|---|--|
| Rhodri Morgan* | First Minister | 62 | 95 - 100 | 0 – 2.5 | 2.5 - 5 |
| Jane Davidson | Cabinet Minister | 45 | 70 – 75 | 0 – 2.5 | 2.5 – 5 |
| Andrew Davies | Cabinet Minister | 49 | 70 – 75 | 0 – 2.5 | 2.5 – 5 |
| Sue Essex | Cabinet Minister | 56 | 70 - 75 | 0 – 2.5 | 2.5 – 5 |
| Edwina Hart | Cabinet Minister | 44 | 70 – 75 | 0 – 2.5 | 2.5 – 5 |
| Jane Hutt | Cabinet Minister | 52 | 70 - 75 | 0 – 2.5 | 7.5 – 10 |
| Carwyn Jones | Cabinet Minister | 35 | 70 - 75 | 0 – 2.5 | 2.5 – 5 |
| Jenny Randerson | Cabinet Minister | 53 | 70 - 75 | 0 – 2.5 | 2.5 – 5 |
| Michael German ¹ | Cabinet Minister | 56 | 45 - 50 | 0 – 2.5 | 2.5 – 5 |

The above salaries are the actual amounts received and include remuneration as Assembly Members plus remuneration as office holders. The accrued pension details include transferred in values to the PCSPS.

*Rhodri Morgan did not claim his full salary entitlement.

¹ Cabinet Minister until 06 June 2001

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Presiding Officer

| Name | Position | Age | Annual Salary for year to 31 March 2002 £000 | Increase in Pension at Age 60 £000 | Total Accrued Pension at Age 60 at 31 March 2002 £000 |
|-------------------------|-------------------|------------|---|---|--|
| Lord Dafydd Elis-Thomas | Presiding Officer | 55 | 70 - 75 | 0 - 2.5 | 12.5 - 15 |

Senior Management

| Name | Position | Age | Annual Salary for year to 31 March 2002 £000 | Increase in Pension at Age 60 £000 | Total Accrued Pension at Age 60 at 31 March 2002 £000 |
|-----------------------------|--|------------|---|---|--|
| Sir Jon Shortridge | Permanent Secretary | 54 | 130 - 135 | 5 - 7.5 | 50 - 55 |
| Huw Brodie | Director - Agriculture Dept | 43 | 65 - 70 | 0 - 2.5 | 15 - 20 |
| John Clarke ¹ | Chief Executive - WEFO | 54 | 75 - 80 | 0 - 2.5 | 0 - 5 |
| George Craig | Senior Director - Social Policy & Local Govt Affairs | 55 | 95 - 100 | 2.5 - 5 | 40 - 45 |
| Richard Davies | Director - Training & Education Dept | 52 | 80 - 85 | 0 - 2.5 | 25 - 30 |
| Martin Evans | Director - TP&E Group | 54 | 70 - 75 | 0 - 2.5 | 25 - 30 |
| Peter Gregory | Director - Personnel Man & Business SVS Group | 55 | 80 - 85 | 0 - 2.5 | 30 - 35 |
| Ruth Hall | Chief Medical Officer | 54 | 100 - 105 | 0 - 2.5 | 5 - 10 |
| Derek Jones | Senior Director - Economic Affairs, TP&E | 49 | 95 - 100 | 2.5 - 5 | 25 - 30 |
| Ann Lloyd | Director - NHS Wales | 53 | 110 - 115 | 0 - 2.5 | 0 - 5 |
| Bryan Mitchell ² | Director - NHS Reorganisation | 57 | 70 - 75 | 0 - 2.5 | 30 - 35 |
| Adam Peat ³ | Director - Local Govt, Housing & Culture Group | 53 | 75 - 80 | 0 - 0 | 0 - 0 |
| David Pritchard | Director - Economic Development Dept | 56 | 75 - 80 | 0 - 2.5 | 30 - 35 |
| David Richards | Principal Finance Officer | 47 | 65 - 70 | 2.5 - 5 | 20 - 25 |
| Winston Roddick | Counsel General | 61 | 125 - 130 | 0 - 2.5 | 5 - 10 |
| Paul Silk | Clerk to the Assembly | 50 | 95 - 100 | 7.5 - 10 | 5 - 10 |
| Helen Thomas | Director - Social Care Group | 51 | 65 - 70 | 0 - 2.5 | 15 - 20 |
| Barbara Wilson | Director - Research & Development Group | 54 | 65 - 70 | 0 - 2.5 | 20 - 25 |

The above salaries are at the annual rate for 2001-2002. The accrued pension details include transferred in values to the PCSPS.

- 1 John Clarke is a member of the National Assembly's Executive Board. As Chief Executive of the Welsh European Funding Office his salary and associated costs are met by that body.
- 2 Took up post as Director - NHS Reorganisation on 21 January 2002.
- 3 Not a member of the PCSPS.

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Notes

a) Salaries include gross salaries, performance bonuses payable, reserved rights to London Weighting or London allowances, recruitment and retention allowances, and private office allowances.

b) Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS). This is a statutory scheme, which provides benefits on a “final salary” basis at a normal retirement age of 60. Benefits accrue at the rate of 1/80th of pensionable salary for each year of the service. In addition, a lump sum equivalent to three years’ pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings. Pensions increase in payment in line with the Retail Price Index. On death, pensions are payable to the surviving spouse at a rate of half the member’s pension. On death in service, the scheme pays a lump-sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse’s pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is also possible in the event of serious ill-health. In this case, pensions are bought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

c) The Assembly operates a pension scheme for Assembly Members providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Assembly and are managed by an appointed Investment Manager.

The Government Actuary is required to make a report on the general financial position of the scheme every three years and to make recommendations on the future rate of the Assembly’s employer contribution. An initial valuation of the scheme’s accruing liabilities was carried out as at 7 May 1999.

The pension charge for the year was £567,480 (2000-01 - £472,091). The market value of the scheme’s investments as at 31 March 2002 was £2,096,689 (31 March 2001 -£1,458,590). The contributions of the Assembly and Members have been set at 18.5 per cent and 6 per cent of earnings respectively.

Further information on the Assembly Members’ Pension Scheme can be found in the annual report and accounts for the scheme for year ending 31 March 2002.

d) None of the above received benefits in kind.

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3. Administration Costs

Other Assembly Costs

| | Year ended 31 March 2002 | | Year ended 31 March 2001 | |
|-----------------------------------|-----------------------------|---------------|-----------------------------|---------------|
| | £000 | £000 | £000 | £000 |
| Members' expenses & support costs | 7,057 | | 5,478 | |
| Assembly accommodation & IT | 4,888 | | 4,214 | |
| Other expenses | 2,982 | | 3,400 | |
| Non Cash items: | | | | |
| Cost of capital charge | (8) | | 9 | |
| Total Other Assembly costs | | 14,919 | | 13,101 |

Other Administration Costs

| | Year ended 31 March 2002 | | Year ended 31 March 2001 | |
|--|-----------------------------|---------------|-----------------------------|---------------|
| | £000 | £000 | £000 | £000 |
| Accommodation | 9,152 | | 10,680 | |
| Central administration | 3,386 | | 3,458 | |
| Rentals under operating leases | | | | |
| - accommodation | 704 | | 1,112 | |
| - hire of vehicles and office equipment | 179 | | 192 | |
| Travel, subsistence and hospitality | 3,657 | | 2,628 | |
| IT & Telecommunications | 19,241 | | 17,054 | |
| | | 36,319 | | 35,124 |
| Non Cash Items: | | | | |
| Write back of assets under construction | - | | 6,761 | |
| Depreciation | 898 | | 885 | |
| Cost of capital charge | 2,044 | | 1,980 | |
| Impairment of tangible fixed assets | 47 | | 51 | |
| Loss on sale of fixed assets | 46 | | - | |
| Provision for early retirement and pension Costs | 43 | | 6 | |
| | | 3,078 | | 9,683 |
| Total Other Administration Costs | | 39,397 | | 44,807 |

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4. Programme Costs

| | Year ended 31 March 2002 | | Year ended 31 March 2001 | |
|---|-----------------------------|------------------|-----------------------------|------------------|
| | £000 | £000 | £000 | £000 |
| Programme expenditure | | 8,498,847 | | 7,528,653 |
| Non-cash items: | | | | |
| Cost of Capital | 483,073 | | 473,153 | |
| Depreciation: | | | | |
| Agriculture & Rural Development | 69 | | 96 | |
| Housing | - | | 4 | |
| Transport, Planning & Environment | 90,085 | | 62,203 | |
| Culture, Sport & Welsh Language | 5 | | 5 | |
| Health & Social Services | 6 | | - | |
| Impairment of tangible fixed assets | 28 | | 103 | |
| Loss / (profit) on sale of fixed assets | 28 | | (39) | |
| | | 573,294 | | 535,525 |
| Total Programme Costs | | 9,072,141 | | 8,064,178 |

5. Amount payable to the Auditor General for Wales

The amount payable to the Auditor General for Wales represents the total cost of his office, less fees recoverable by him from the audit of accounts of bodies other than the Assembly. Of the total payable of £ 2,127,000, the cost of placing an audit opinion on this account was £195,000 (2000-01 - £210,000).

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6. Operating income

| | Retainable by Assembly £000 | Not Retainable by Assembly £000 | Year ended 31 March 2002 Total £000 | Year ended 31 March 2001 Total £000 |
|--|-----------------------------------|---------------------------------------|---|---|
| Programme Income Within Assembly Budget | | | | |
| Income from National Health Service | 150,543 | - | 150,543 | 157,367 |
| Income from ASPBs & related bodies | 92,493 | - | 92,493 | 15,964 |
| External rents | 386 | - | 386 | 254 |
| Other income | 4,657 | - | 4,657 | 5,086 |
| Outside Assembly Budget | | | | |
| European Union and other income | 163,993 | 7,447 | 171,440 | 152,036 |
| Department of Social Security health funding | 335,657 | - | 335,657 | 300,019 |
| Other programme income | - | 18,237 | 18,237 | - |
| | <u>747,729</u> | <u>25,684</u> | <u>773,413</u> | <u>630,726</u> |
| Assembly Income | 163 | - | 163 | 7 |
| | <u>747,892</u> | <u>25,684</u> | <u>773,576</u> | <u>630,733</u> |
| Administration Income | | | | |
| External rents | 131 | - | 131 | 315 |
| Fees & charges | 65 | - | 65 | 74 |
| Other income | 117 | - | 117 | 206 |
| | <u>313</u> | <u>-</u> | <u>313</u> | <u>595</u> |
| | <u>748,205</u> | <u>25,684</u> | <u>773,889</u> | <u>631,328</u> |

7. Reconciliation of net operating cost to net resource outturn

| | Note | Year ended 31 March 2002 £000 | Year ended 31 March 2001 £000 |
|---|------|--|--|
| Net operating cost | | 8,437,656 | 7,562,197 |
| Capital: | | | |
| Credit Approvals Issued | 26 | 253,036 | 228,756 |
| Non Assembly budget (expenditure) / income | | | |
| Department of Social Security health funding | 6 | 335,657 | 300,019 |
| European Union income | 6 | 163,993 | 149,457 |
| Non retainable programme income | 6 | 25,684 | 2,579 |
| Other expenditure outside Assembly budget | | (24,657) | (1,840) |
| Net Resource Outturn (Schedule 1) | | <u>9,191,369</u> | <u>8,241,168</u> |

**The National Assembly for Wales
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8. Analysis of capital expenditure, financial investment and associated receipts

| | To 31 March 2002 | | | | |
|-----------------------------------|-------------------------|-------------------|----------------|--------------------|----------------------|
| | Capital | | Issues £000 | Loans | Net Total £000 |
| | Additions £000 | Disposals £000 | | Repayments £000 | |
| Central Administration | 8,316 | (2) | - | (21) | 8,293 |
| Health & Social Services | - | - | 55,585 | (8,904) | 46,681 |
| Education & Training | - | - | - | (4) | (4) |
| Assembly | 37 | - | - | - | 37 |
| Transport, Planning & Environment | 122,326 | (2,310) | - | - | 120,016 |
| Total | 130,679 | (2,312) | 55,585 | (8,929) | 175,023 |

| | To 31 March 2001 | | | | |
|-----------------------------------|-------------------------|-------------------|----------------|--------------------|----------------------|
| | Capital | | Issues £000 | Loans | Net Total £000 |
| | Additions £000 | Disposals £000 | | Repayments £000 | |
| Central Administration | 728 | - | 44 | (26) | 746 |
| Health & Social Services | - | - | 16,547 | (24,280) | (7,733) |
| Education & Training | - | - | - | (7) | (7) |
| Assembly | 140 | - | - | - | 140 |
| Transport, Planning & Environment | 98,108 | (819) | - | - | 97,289 |
| Total | 98,976 | (819) | 16,591 | (24,313) | 90,435 |

Reconciliation of loans issues and repayments to cash movements

| | Note | 2001-02 | | Net Movement £000 |
|--|------|----------------|--------------------|-------------------------|
| | | Issues £000 | Repayments £000 | |
| Total issues and repayments in loans note | 10 | 56,098 | (9,416) | 46,682 |
| Transfers from other government departments | 17 | (13) | - | (13) |
| Repayments surrendered to Consolidated Fund and National Loans Fund | | - | 290 | 290 |
| Capitalised interest charges | | - | (40) | (40) |
| Accrued movements in loan capital | 11 | (500) | 237 | (263) |
| Total financial investment and associated receipts | | 55,585 | (8,929) | 46,656 |

**The National Assembly for Wales
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9. Tangible fixed assets

| | Roads & Infrastructure | Freehold Land & Buildings | IT, Plant & Equipment | Assets under Construction | Total |
|------------------------------------|---------------------------|---------------------------------|--------------------------|------------------------------|------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Cost or Valuation | | | | | |
| At 1 April 2001 | 8,113,094 | 34,420 | 7,354 | 86,161 | 8,241,029 |
| Additions | 101,578 | - | 985 | 35,638 | 138,201 |
| Retrunings | 99,253 | - | - | - | 99,253 |
| Assets brought into service | 26,215 | 1,078 | - | (27,293) | - |
| Disposals/ write-offs | (216,955) | (2,020) | (1,811) | - | (220,786) |
| Revaluations | 239,706 | 353 | (116) | - | 239,943 |
| At 31 March 2002 | 8,362,891 | 33,831 | 6,412 | 94,506 | 8,497,640 |
| Depreciation | | | | | |
| At 1 April 2001 | 1,209,600 | 709 | 4,258 | - | 1,214,567 |
| Charged in year | 89,868 | 718 | 477 | - | 91,063 |
| Retrunings | 23,997 | - | - | - | 23,997 |
| Disposals/ write-offs | (33,444) | - | (1,445) | - | (34,889) |
| Revaluations | 67,286 | 15 | (41) | - | 67,260 |
| At 31 March 2002 | 1,357,307 | 1,442 | 3,249 | - | 1,361,998 |
| Net Book Value | | | | | |
| At 31 March 2002 | 7,005,584 | 32,389 | 3,163 | 94,506 | 7,135,642 |
| Net Book Value At 31 March 2001 | 6,903,494 | 33,711 | 3,096 | 86,161 | 7,026,462 |

Most of the freehold land and buildings were valued on 31 March 2000 by GVA Grimley, Chartered Surveyors, on the basis of open market value for existing use in accordance with the 'Appraisal and Valuation Manual', produced jointly by the Royal Institute of Chartered Surveyors, the Incorporated Society of Valuers and Auctioneers and the Institute of Revenues Rating and Valuation.

At 31 March 2001 two additional properties – Pwllpeirian Farm and a landholding on Snowdon were valued by the Valuation Office Agency, on the basis of open market value for existing use in accordance with the Statement of Asset Valuation Practice and Guidance Notes issued by the Royal Institute of Chartered Surveyors.

In intervening financial years freehold land and buildings are valued using latest available indices at March in each financial year. IT, plant and equipment are valued on the basis of the monthly indices, provided by the Office for National Statistics, for each asset class.

The cost of maintaining the roads network of £62,420,000 is included in additions. The net value of detrunked roads transferred was £183,511,000.

Roads and infrastructure assets includes an amount for the A55 PFI scheme. The accounting policy for this is under review.

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10. Loans and investments

| | Public Dividend Capital £000 | Other Loans £000 | National Loans Fund £000 | Total £000 |
|---------------------------------|--|----------------------------|--|----------------------|
| Balance at 1 April 2001 | 1,160,015 | 2,759 | 12,228 | 1,175,002 |
| Issues | 56,085 | 13 | 0 | 56,098 |
| Repayments | (9,141) | (127) | (148) | (9,416) |
| Balance at 31 March 2002 | 1,206,959 | 2,645 | 12,080 | 1,221,684 |

Analysis of Loans & Investments as at 31 March 2002:

| | |
|--------------------------------|-------------------------|
| | Book Values |
| Public Dividend Capital | £000 |
| National Health Service | 1,196,000 |
| Welsh Development Agency | 10,959 |
| | <u>1,206,959</u> |
| Other Loans | |
| Education & Local Government | 2,146 |
| Staff Loans | 169 |
| Housing Loans & Mortgages | 330 |
| | <u>2,645</u> |
| National Loans Fund | |
| Welsh Development Agency | 12,080 |
| | <u>12,080</u> |

The fair value of the above investments was £ 1,210,886,945 as at 31 March 2002 in line with the stated accounting policy.

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11. Movements in working capital other than cash

| | Year ended 31 March 2002 £000 | Year ended 31 March 2001 £000 |
|---|--|-------------------------------------|
| Increase / (decrease) in stock | 88 | (568) |
| Increase / (decrease) in debtors | 27,805 | (21,013) |
| (Increase) / decrease in creditors | (71,202) | 551,546 |
| | (43,309) | 529,965 |
| Changes in treatment for funding arrangements of Estyn, Cadw & WEFO | - | 870 |
| Adjustment for capital creditors movement | 7,522 | (1,942) |
| Adjustment for accrual movements in loans | 263 | - |
| Less movement in amounts payable to the Consolidated Fund and other non-operating cost balances | (30,749) | (432,344) |
| | (66,273) | 96,549 |

12. Stocks

| | At 31 March 2002 £000 | At 31 March 2001 £000 |
|--------------------------|----------------------------------|--------------------------|
| Road salt | 206 | 178 |
| Telecommunication spares | 1,627 | 1,577 |
| Assembly shop | 10 | 0 |
| | 1,843 | 1,755 |

The Assembly shop commenced trading during the 2001-02 financial year.

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13. Debtors

| | At 31 March 2002 | At 31 March 2001 |
|---|-------------------------|------------------|
| | £000 | £000 |
| Amounts falling due within one year: | | |
| Trade debtors | 34,452 | 35,226 |
| Amounts owed to the Assembly repayable to the Consolidated Fund | 16,461 | 17,942 |
| Deposits & advances | 2,806 | 1,707 |
| European Union | 123,174 | 120,199 |
| Other debtors | 1,613 | 1,332 |
| VAT debtor | 4,080 | 8,851 |
| Prepayments and accrued income | 34,960 | 2,413 |
| | 217,546 | 187,670 |
| Amounts falling due after more than one year: | | |
| European Union | - | 2,071 |
| Total debtors | 217,546 | 189,741 |

14. Cash at bank and in hand

| | At 31 March 2002 | At 31 March 2001 |
|---------------------------------|-------------------------|------------------|
| | £000 | £000 |
| Balance at 1 April 2001 | 5,213 | 528,329 |
| Net cash outflow | (35,665) | (523,116) |
| Balance at 31 March 2002 | (30,452) | 5,213 |

The Office of HM Paymaster General (OPG) provides a current account banking service. The following balances were held at 31 March:

| | | |
|---------------------------------|-----------------|-------|
| Balance at OPG | (31,769) | 3,915 |
| Commercial banks & cash in hand | 1,317 | 1,298 |
| | (30,452) | 5,213 |

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15. Creditors

Creditors: Amounts falling due within one year

| | At 31 March 2002 | At 31 March 2001 |
|--|-------------------------|------------------|
| | £000 | £000 |
| Trade creditors | 395,881 | 303,553 |
| Other creditors | 12,185 | 6,309 |
| Accruals & deferred income: | | |
| European Union | 753 | 5,656 |
| Other | 3,033 | 2,596 |
| Amounts payable to the Consolidated Fund via Wales Office | 21,648 | 42,386 |
| | 433,500 | 360,500 |

Creditors: Amounts falling due after more than one year

| | At 31 March 2002 | At 31 March 2001 |
|--|-------------------------|------------------|
| | £000 | £000 |
| Payable to the National Museum of Wales in respect of the sale of the Welsh Industrial and Maritime Museum | 3,662 | 4,000 |
| Retentions on Highways and Transport contracts | 1,275 | 763 |
| Trade creditors | 113 | 2,085 |
| | 5,050 | 6,848 |

16. Provisions for liabilities and charges

Early Retirement and Pension Commitments

| | £000 |
|---------------------------------|-------------|
| Balance at 1 April 2001 | 808 |
| Amount utilised in year | (245) |
| Increase in provision | 43 |
| Balance at 31 March 2002 | 606 |

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17. Reconciliation of net operating cost to changes in general fund

| | At 31 March 2002 | At 31 March 2001 |
|---|-------------------------|------------------|
| | £000 | £000 |
| Net operating cost | (8,437,656) | (7,562,197) |
| Net funding from the Wales Office | 7,964,552 | 7,117,727 |
| Operating income payable to the Consolidated Fund | (7,448) | (2,582) |
| Loan repayments payable to the Consolidated Fund | (118) | (120) |
| Detrunked roads | (183,511) | (79,117) |
| Retrunings and other non-cash additions | 85,541 | - |
| Reconfiguration of Health Trusts | - | 7,923 |
| Changes in treatment for funding arrangements of Estyn, Cadw & WEFO | - | (870) |
| Transferred from revaluation reserve | 28,357 | 3,238 |
| Staff Loans – net transfers with other Government Departments | 13 | (8) |
| | (550,270) | (516,006) |
| Notional charges and income: | | |
| Cost of Capital | 485,109 | 475,142 |
| Services provided to Wales Office, Cadw & WEFO | (2,002) | (1,671) |
| Net decrease in the general fund | (67,163) | (42,535) |
| Balance at 1 April 2001 | 7,602,398 | 7,644,933 |
| Balance at 31 March 2002 | 7,535,235 | 7,602,398 |

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18. Revaluation Reserve

| | £000 | £000 |
|--|----------------|-----------------------|
| Balance at 1 April 2001 | | 415,391 |
| In year revaluation* | | |
| Roads | 172,420 | |
| Land & Buildings | 339 | |
| Surplus Land | (1) | |
| | <u>172,758</u> | 172,758 |
| Transfer to the General Fund in respect of realised element of revaluation reserve | | (28,357) |
| Balance at 31 March 2002 | | <u>559,792</u> |

*Other revaluation amounts shown in note 9 relating to IT plant and equipment of £ 75,000 have been written off to the Operating Cost Statement in the year.

The revaluation reserve reflects the balance of adjustments made to take account of price changes and revaluation of tangible fixed assets.

19. Capital Commitments

| | At 31 March 2002 | At 31 March 2001 |
|---|-------------------------|------------------|
| | £000 | £000 |
| Capital commitments for which no provision has been made in these accounts were as follows: | | |
| Transport & Highways Directorate | 53,628 | 24,651 |
| Management & Central Services | 1,160 | 6,546 |
| | <u>54,788</u> | <u>31,197</u> |

20. Commitments under operating leases

| | At 31 March 2002 | | |
|--|-------------------------|------------|---------------------|
| | Land & Buildings | Other | Total |
| | £000 | £000 | £000 |
| At 31 March 2002 the Assembly was committed to making the following payments during the next year in respect of operating leases expiring: | | | |
| Within one year | 6 | 0 | 6 |
| Between two and five years | 176 | 287 | 463 |
| After five years | 3,525 | 0 | 3,525 |
| | <u>3,707</u> | <u>287</u> | <u>3,994</u> |

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21. Revenue Commitments

| | | |
|--|-------------------------|------------------|
| Private Finance Initiative (PFI) Commitments | At 31 March 2002 | At 31 March 2001 |
| | £000 | £000 |

The Assembly was committed to making the following average annual payments in respect of PFI schemes expiring:

| | | |
|----------------------------|---------------|--------|
| Between two and five years | 11,381 | 10,248 |
| After five years | 13,867 | 13,866 |
| | 25,248 | 24,114 |

Siemens Business Services provide IT hardware, software and support services, known as 'OSIRIS', to the Assembly under a PFI contract. This contract was put in place in June 1996 and covers a period of 7 years. No capital valuation is possible on the OSIRIS contract.

Outside contractors were commissioned by the Assembly under the PFI scheme to build and maintain a carriageway across Anglesey, the contract commenced in December 1998 and is for a period of 30 years, after which time the ownership of the A55 will revert to the Assembly. The net capital valuation on the A55 using reversionary interest calculations at 31 March 2002 was £27,325,000. This value will increase each year as the date for the Assembly taking ownership of this asset draws nearer.

The Assembly has no further significant revenue commitments at the balance sheet date.

22. Contingent liabilities

| | | |
|--|-------------------------|------------------|
| | At 31 March 2002 | At 31 March 2001 |
| | £000 | £000 |
| Potential contractual obligations | 4,000 | 4,050 |
| Redundancy Costs – Higher Education Institutions | 2,910 | 2,800 |
| Compensation Claim | 75 | 15 |
| Potential taxation liabilities | - | 25 |
| | 6,985 | 6,890 |

The National Assembly for Wales has inherited a number of unquantifiable contingent liabilities resulting from the wind up of the former Cardiff Bay Development Corporation (CBDC). Obligation for the payment of such liabilities was passed to the National Assembly by way of a local Statutory Instrument, The Cardiff Bay Development Corporation (Transfer of Property, Rights and Liabilities) Order 2000, made under S165 of the 1980 Local Government Planning and Land Act (as amended).

The Assembly is an underwriter of last resort of the cases handled by the Welsh Risk Pool, which is managed by Conwy and Denbighshire NHS Trust. The summarised accounts of the NHS Trusts in Wales for 2001-02 disclose contingent liabilities for the Risk Pool of £253,847,000 (2000-01 £218,932,000).

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23. Analysis of net operating cost

| | Year ended 31 March 2002 £000 | Year ended 31 March 2001 £000 |
|---|--|--|
| Assembly | 1,540,589 | 1,394,700 |
| National Health Service | 2,982,339 | 2,701,085 |
| Local Government | 2,876,909 | 2,691,765 |
| Assembly Sponsored Public Bodies | 966,885 | 735,071 |
| Cadw | 12,780 | 10,550 |
| WEFO | 13,699 | 2,475 |
| Estyn | 8,440 | 7,250 |
| Forestry Commission | 14,325 | |
| Auditor General for Wales | 2,127 | 1,967 |
| Welsh Administration Ombudsman & Health Service Commissioner | 517 | 486 |
| Other Agencies: | | |
| Environment Agency | 13,784 | 12,049 |
| Other | 5,262 | 4,799 |
| | 8,437,656 | 7,562,197 |

24. Interest

| | Year ended 31 March 2002 £000 | Year ended 31 March 2001 £000 |
|--|--|--|
| Interest Payable: | | |
| National Loans Fund | 1,750 | 1,773 |
| Interest Receivable: | | |
| National Loans Fund Investments | (1,750) | (1,773) |
| Dividend received on PDC investments | (74,483) | (73,841) |
| Other loan interest (including Health loans) | (50) | (56) |
| Early retirement annuity | (1) | (1) |
| | (76,284) | (75,671) |

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25. Presiding Office Cost Statement

The National Assembly for Wales is chaired by the Presiding Officer who is supported by the Presiding Office (PO) which runs the day to day functions of the Assembly.

The Clerk to the National Assembly and Head of PO supports the Assembly in its day to day work by overseeing the efficient organisation of business and by providing support in the management and administration of the Assembly's proceedings. The Clerk is appointed by the Treasury as the Accounting Officer for PO and can be called to account for his stewardship by the Assembly's Audit Committee and/or the Public Accounts Committee. The following statement includes all the costs incurred by the National Assembly in supporting the democratic process and has been prepared on an accruals basis.

**Costs of running the National Assembly for Wales
for the year ended 31 March 2002**

| | To 31 March 2002 | | To 31 March 2001 | |
|---|------------------|---------------|------------------|---------------|
| | £000 | £000 | £000 | £000 |
| Assembly Members' Salaries and Allowances | | | | |
| Salaries, pensions etc | 3,519 | | 3,046 | |
| Costs and allowances - including personal support staff | 1,325 | | 1,080 | |
| | | <u>4,844</u> | | <u>4,126</u> |
| Staff Costs of the Presiding Office | | | | |
| Staff salaries, pensions etc | 2,742 | | 2,233 | |
| Other staff costs | 5,756 | | 4,397 | |
| | | <u>8,498</u> | | <u>6,630</u> |
| Assembly accommodation costs | | 4,822 | | 4,196 |
| Assembly IT & telecommunication costs | | 1,352 | | 1,175 |
| General administrative expenditure | | | | |
| Postal charges, public information | 640 | | 512 | |
| Library / research and translation Services | 79 | | 68 | |
| Accounting and auditing costs | 241 | | 184 | |
| Personnel services | 244 | | 153 | |
| Management services | 765 | | 619 | |
| Other rented services | 142 | | 24 | |
| | | <u>2,111</u> | | <u>1,560</u> |
| Assembly Broadcasting | | 387 | | 510 |
| Pierhead Exhibition Centre | | 65 | | 754 |
| Other direct costs | | 238 | | 268 |
| Cost of capital charges | | <u>(8)</u> | | <u>9</u> |
| Total Presiding Office Costs | | <u>22,309</u> | | <u>19,228</u> |

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Notes

Members' salaries

The members' salaries include their basic pay, National Insurance contributions and all allowances that are subject to UK taxation.

Members' pensions

Employee and employer contributions for members are paid to the Assembly Members' Pension Fund, for which separate accounts are prepared.

Members expenses and arrangements

In addition to travelling expenses the members are entitled to additional allowances. The main allowances available are:

- **additional cost allowance** - This covers the reimbursement of overnight expenses incurred whilst away from their registered homes performing official duties.
- **office cost allowance** - This covers the cost of maintaining a constituency office where the costs incurred are necessary in connection with official members' duties.
- **staff salaries allowance** - This covers the cost of administrative, clerical, secretarial or research staff employed in connection with the members' duties.

Staff salaries and pension arrangements

Staff salary costs include basic pay, National Insurance contributions and superannuation costs.

IT contract arrangements

The IT costs for PO have been allocated on an appropriate basis. In 2000-01 the figures include costs associated with equipping the Chamber.

Accommodation

The accommodation costs for PO include expenses relating to Crickhowell House and the Pierhead Building and have been allocated on an appropriate basis

Central services

Central services are provided to PO under a service level agreement with the National Assembly for Wales. The costs are apportioned on the same basis as applied to other areas of the Assembly, ie based on staff numbers.

Broadcasting Company

The National Assembly for Wales Broadcasting Company Ltd, is a company limited by guarantee. This is a subsidiary company that provides broadcasting arrangements, set up by means of a partnership between the National Assembly, the BBC, S4C and HTV. These broadcasting companies receive accommodation within the Assembly building at a preferential rate and use of broadcast quality recordings of the proceedings of the Assembly, such as coverage of plenary and committee sessions.

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26. Credit approvals

The Assembly issues credit approvals annually to local authorities for the purpose of capital expenditure, as defined in the Local Government and Housing Act 1989. This allows an authority to borrow and enter into credit arrangements up to the limit of the credit approval. The repayment of borrowing and credit arrangements is taken into account in the annual local authority revenue settlement.

Credit approvals issued during the year were:

| | To 31 March 2002 | To 31 March 2001 |
|-----------------------------------|-------------------------|------------------|
| | £000 | £000 |
| Health & Social Services | 4,330 | 4,897 |
| Housing | 149,912 | 121,211 |
| Transport, Planning & Environment | 49,513 | 52,913 |
| Agriculture & Rural Development | 11 | 11 |
| Economic Development | 12,543 | 15,971 |
| Education & Training | 36,727 | 33,753 |
| Total Credit Approvals | 253,036 | 228,756 |

27. Additional Accountability

a) Losses

| Main Expenditure Group | No of Cases | Amount £000 |
|-----------------------------------|--------------------|------------------------|
| Agriculture & Rural Development | 191 | 74 |
| Transport, Planning & Environment | 77 | 48 |
| Central Administration | 2 | 1 |
| Economic Development | 41 | 1,923 |
| Health & Social Services | 56 | 207 |
| Cadw | 1 | - |
| | 368 | 2,253 |

b) Special Payments

| Main Expenditure Group | No of Cases | Amount £000 |
|---------------------------------|--------------------|------------------------|
| Agriculture & Rural Development | 377 | 108 |
| Central Administration | 3 | 4 |
| | 380 | 112 |

During the financial year there have been no individual payments or losses that exceed £100,000.

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28. Related Party Transactions

The Assembly receives its funding from the Wales Office.

The Assembly has two separate agencies – Cadw and WEFO. It also funds the NHS Bodies in Wales. These bodies are regarded as related parties with which the Assembly has had various material transactions during the period.

The Assembly also had a number of transactions with Government Departments and other central Government bodies including Assembly Sponsored Public Bodies (ASPBs).

Arts Council of Wales
Care Council for Wales
Children's Commissioner for Wales
Countryside Council for Wales
Dental Practice Board
Department of Trade and Industry
Environment Agency
Estyn
Farming and Rural Conservation Agency
Forestry Commission
Further Education Funding Council for Wales
General Teaching Council
Government Property Lawyers
Higher Education Funding Council for Wales
Local Authorities in Wales
Local Government Boundary Commission for Wales
Meteorological Office
Ministry of Agriculture, Fisheries and Food
National Council for Education & Training in Wales
National Library of Wales
National Museums & Galleries of Wales
NHS Health Trust in Wales
Police Authorities in Wales
Qualifications, Curriculum & Assessment Authority for Wales
Sports Council for Wales
Treasury Solicitor
Trunk Road Agencies in Wales
Valuation Office Agency
Wales European Centre
Wales Tourist Board
Welsh Development Agency
Welsh Language Board
Welsh National Board for Nursing, Midwifery and Health Visiting

The Assembly has a subsidiary company the National Assembly for Wales Broadcasting Company Ltd which is a company limited by guarantee. The Assembly and the broadcasting partners – the BBC, S4C and HTV have a broadcasting arrangement partnership.

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None of the Assembly's Members, key managerial staff or other related parties has undertaken any material transactions with the Assembly during the year.

29. Schedule 5 – Resources by Assembly Objectives

Programme net expenditure has been allocated in Schedule 5 based on returns from divisions that split net expenditure in proportions between each of the objectives. As most of the Assembly's expenditure relates to programme, administration costs have been allocated to objectives in the same proportions as overall programme expenditure.

At present Revenue Support Grant paid to local authorities has all been allocated to "Better Quality of Life". This basis of allocation will be reviewed for 2002-03.

The Assembly's capital employed has not been disclosed separately within Schedule 5.
