
The National Assembly for Wales
Cynulliad Cenedlaethol Cymru
Consolidated Resource Accounts 2003-2004

The National Assembly for Wales

Consolidated Resource Accounts 2003-2004

FOREWORD TO THE ACCOUNTS

Format of the accounts

These financial statements have been prepared in accordance with the Accounts Direction issued by HM Treasury, under Section 97 of the Government of Wales Act. They are a consolidation of the accounts of the National Assembly for Wales (the Assembly), its two executive agencies and the local health boards operating in Wales.

A copy of the Accounts Direction is available from The National Assembly for Wales, Financial Accountability Division at Cathays Park, Cardiff, CF10 3NQ. A separate set of financial statements covering the core activities of the Assembly has also been prepared.

Function and operation

The Assembly was established in 1999 under the Government of Wales Act 1998. 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. All activities are continuing.

Principal aim and objectives

“Wales: A Better Country” is the Assembly’s strategic agenda and was issued in September 2003. This is published on the Assembly’s Internet site.

“Wales: A Better Country” sets out the visions for a sustainable future for Wales, where action for social, economic and environmental improvement work together to create positive change.

The visions are:

- promoting a diverse, competitive, high-added value economy, with high quality skills and education, that minimises demands on the environment;
- action on social justice that tackles poverty and poor health, and provides people and their communities with the means to help themselves and break out of the poverty trap;
- action in our built and natural environment that enhances pride in the community, supports bio-diversity, promotes local employment and helps to minimise waste generation, energy and transport demands;
- strengthening Wales’ cultural identity and helping to create a bilingual country;
- ensuring all our children and future generations enjoy better prospects in life, and are not landed with a legacy of problems bequeathed by us;
- supporting people to live healthy and independent lives; and
- promoting openness, partnership and participation.

Sources of funding

The Assembly’s funding during 2003-04 was primarily provided by Parliament through the Department for Constitutional Affairs, and from the European Union.

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Accounting boundary

These accounts reflect the assets, liabilities and the results of the Assembly, its two executive agencies, Cadw: Welsh Historic Monuments (Cadw) and Health Commission Wales (Specialist Services) (HCW), a new organisation created with effect from 1 April, the Local Health Boards in Wales and the Dental Practices Board in Wales. This includes the results of Wales European Funding Office, the former executive agency, which became part of the Assembly Government on 24th July 2003, but effective from 1 April 2003 for accounting purposes. 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.

Results for the year

The results for the period are reported in detail in the attached accounts. They record a consolidated net operating cost of £9,870,619,000 (2002-03 £9,582,232,000). The consolidated net assets have increased by £880,469,000 mainly due to increases in the value of the road network and other fixed assets. Treasury has given the Assembly dispensation from producing Schedule 1 – Resource Outturn, reconciling budget to accounts and then to cash requirement. Schedule 1 is structured around Whitehall Departments which report direct to Parliament, whereas the Assembly's budget is based on the Welsh Block which follows different principles.

The results for 2002-03 have been restated to:

- bring income onto a gross basis rather than the budget led net basis used;
- amend Public Dividend Capital (PDC) loan balances in line with the NHS reorganisation; and
- account for the merger of WEFO on an aggregate basis as required by Financial Reporting Standard 6.

Movements in fixed assets

Additions to tangible fixed asset additions in the period were £77,106,000. Fixed assets were re-valued in the period, resulting in a net increase in value of £736,675,000 of which £734,055,000 related to roads and infrastructure assets.

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 2004 the Assembly had investments totalling £1,271,591,000 comprising outstanding advances from the National Loans Fund of £11,955,000, Public Dividend Capital

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of £1,257,693,000 and other loans of £1,943,000. The Assembly's loan funds are lent at a variety of interest rates, 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.

The performance of the executive agencies, Cadw and HCW are published in their respective annual report and accounts. The consolidated accounts of the local health boards in Wales, produced by the Assembly, are also published separately.

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 "Wales: A Better Country". 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 Assembly uses the European Foundation for Quality Management's (EFQM) Excellence Model as the main diagnostic tool to identify areas for business improvement. This model is used to drive forward business improvement activity at both local and corporate level.

Health and Safety

The Assembly is committed to providing an environment that conforms to a high level of health and safety for its staff. Policies are in place to identify and control risks to assist staff to work safely.

A Corporate Health Strategy Board has been established to ensure that the Assembly remains in compliance with health & safety obligations and to oversee the 3-year Corporate Health & Safety Plan. The Joint Health and Safety Committee provides a forum for working with the Trade Union Side on health and safety matters. The Corporate Health Development Group is focussing on achieving the "Gold" standard for workplace health.

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Equal opportunities

The Assembly is an Equal Opportunities employer. Policies are in place to guard against discrimination which are aimed at ensuring 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 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.

Post Holders and Senior Officers

Presiding Officer and Deputy

Lord Dafydd Elis-Thomas Presiding Officer

Dr John Marek Deputy Presiding Officer

There were 9 Assembly Cabinet posts during the financial year 2003-04:

Cabinet Member

Post Held

The Rt. Hon. Rhodri Morgan

First Minister

Karen Sinclair

Minister for Business (from 8 May 2003)

Jane Davidson

Minister for Education & Lifelong Learning

Andrew Davies

Minister for Economic Development

Sue Essex

Minister for Finance, Local Government and Public Services

Edwina Hart MBE

Minister for Social Justice and Regeneration

Jane Hutt

Minister for Health & Social Services

Carwyn Jones

Minister for Open Government

Alan Pugh

Minister for Culture, Sport & Welsh Language (from 8 May 2003)

Michael German

Deputy First Minister and Minister for Rural Development & Wales Abroad (to 30 April 2003)

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Jenny Randerson Minister for Culture, Sport & Welsh Language (to 30 April 2003)

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 (Retired 21 November 2003)	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 (Appointment ended 1 Nov 2003)	Counsel General
Huw Brodie	Director – Strategy and Communication
Richard Davies	Director – Training & Education Department
Martin Evans	Director – Spending Review
Peter Gregory (Retired 30 May 2003)	Senior Director – Human Resources
Ruth Hall	Chief Medical Officer
Bryan Mitchell	Director – Business and Information Management (from 11 Jan 2003)
Adam Peat (Resigned 30 Sept 2003)	Director – Local Government and Culture
David Pritchard	Director – Economic and Transport Development
David Richards	Principal Finance Officer
Helen Thomas	Director – Social Policy
Barbara Wilson	Director – Public Service Department
John Clarke (Retired 23 Sept 2003)	Chief Executive – WEFO
John Bader (appointed 1 Jan 2004)	Director – Social Justice and Regeneration

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Bernard Galton (Appointed 1 Jan 2004)	Director – Human Resources
Gareth Jones (Appointed 6 May 2003)	Director – Planning, Environment and Countryside
Hugh Rawlings (Appointed 30 Sept 2003)	Director – Local Government, Public Service and Culture
Steven Phillips (From 12 May 2003 to 31 December 2003)	Director – Social Justice and Regeneration
Kathryn Bishop	Non-Executive Member
Sir Adrian Webb	Non-Executive Member

Membership of each of the management boards within the executive agencies and the Local Health Boards are detailed in their individual accounts for 2003-04.

Senior official appointments

The Permanent Secretary 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.

Appointments relating to Senior Officials within the executive agencies and the Local Health Boards are detailed in their individual accounts for 2003-04.

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.

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Better Payment Practice Code

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 and its related bodies aim 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 2004, the Assembly paid 96.9% of all invoices within the terms of its payment policy. The relevant percentage of invoices paid within the terms of their payment policies by each of the executive agencies and the local health boards are disclosed in their respective accounts.

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

Merthyr Tydfil Regional Office

On 3 March the Finance Minister announced that a new regional office would be based at Rhydycar, Merthyr Tydfil and the land was purchased in April 2004.

Merger

On 14 July 2004 the First Minister announced that the Welsh Development Agency, Wales Tourist Board and ELWa – the National Council for Education and Training in Wales will be merged with the National Assembly for Wales on 1 April 2006.

On 30 November 2004 the First Minister announced that ACCAC and Health Professions Wales will be merged with the National Assembly for Wales by April 2006. Dates for merger of the Welsh Language Board and the Wales Youth Agency are yet to be confirmed. The functions of the Ancient Monument Board for Wales and the Historic Buildings Council for Wales will be transferred to Cadw.

**Sir Jon Shortridge
Permanent Secretary
7th March 2005**

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 2004.
- 2 The consolidated resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Assembly, and the other entities within the group, their 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; and
 - 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 Presiding Office. The PAO has designated the Director of the NHS 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 PAO has designated the Chief Executives of Cadw and HCW as accounting officers for those executive agencies.
- 7 The PAO has also designated the Director of the NHS in Wales as Accounting Officer for the National Health Service in Wales. The work of the local health boards in Wales is governed by separate authority, and the chief executives of each of the local health boards are appointed as Accountable Officers by the Director of the NHS in Wales.
- 8 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

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steps to prevent and detect fraud and other irregularities, are set out in the Assembly Accounting Officers' Memorandum, issued by the Treasury.

- 9 The relationship between the PAO of the Assembly and the other Accounting Officers, as described in paragraphs 5-7 above, together with their respective responsibilities, are set out in a written agreement between the officials concerned.

STATEMENT ON INTERNAL CONTROL

1 Scope of Responsibility

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.

Accountability arrangements in place include:

- Formal systems of Delegations from Ministers to officials and between officials
- Appointment of Non-Executive Directors to the Assembly's Executive Board
- Corporate Governance Committee, chaired by a Non-Executive Director
- Work of Internal & External Audit
- Regular meetings with/reports from other Accounting Officers
- Assurance gained from internal control questionnaires completed by Heads of Division
- Training for Accounting Officers
- Formal budgeting system in place and reporting against that

2 The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level –it cannot provide absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Assembly policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the Assembly for the year ended 31 March 2004 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3 Capacity to Handle Risk

As Accounting Officer, I have taken personal responsibility for improving the Assembly's capacity to handle risk. I have appointed a Risk Improvement Manager who is leading a programme of reviewing and improving risk management practice and supports senior management in ensuring that there is a clear and balanced account of risk judgements and management actions.

The Assembly is working with UK central government departments to implement the recommendations of the Cabinet Office's Strategy Unit report *Risk: Improving Government's Capability to Handle Risk and Uncertainty*.

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During the year, the Executive Board of the National Assembly for Wales adopted a risk management policy. It outlines the process of risk management within the Assembly that aims to:

- a) ensure that the Assembly's objectives are not adversely affected by significant risks that have not been anticipated;
- b) ensure achievement of outputs and outcomes and provide reliable contingency arrangements to deal with the unexpected which might put service delivery at risk;
- c) promote a more innovative, less risk averse culture in which the taking of appropriate risks in pursuit of opportunities to benefit the Assembly is encouraged;
- d) provide a sound basis for integrating risk management into our day to day decision making; and
- e) promote excellent corporate governance and management practices.

4 The Risk and Control Environment

In the Assembly the main processes that we have in place for identifying, evaluating, and managing risk are:

- Divisional Risk Registers – all completed in year; giving identification of key risks across all areas of the Assembly. Each Division has developed, monitors and takes ownership of its own risk register.
- Executive Board Risk Register – discussed at length & adopted in year
- Regular review of both – Executive Board “risk of the month” and regular review and update of Divisional Risk Registers by the Divisions themselves

Our management of risk is embedded in policymaking, planning and delivery by

- Awareness raising through delivery of a training module to key staff.
- Development of a policy making training course
- Establishment of a community of practice for experiences to be exchanged
- Training for project managers/other key staff
- Raising awareness of risk management with Ministers
- Linking risk to the Assembly's Operational Plan

Our risk environment involves managing risks that impact on the public, and these are managed by:

- Health and safety risk assessments at Divisional and Group levels; and
- Oversight of the Assembly's compliance with statutory functions to the Corporate Governance Committee on a quarterly basis.

Significant control issues were identified during the completion of Powys Local Health Board's financial accounts in 2003-04. These problems considerably delayed the completion of their statutory accounts and this is recorded in their published Statement of Internal Control. The Accountable Officer has been instructed that these problems must be resolved as a matter of priority.

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5 Review of Effectiveness

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.

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors;
- the executive managers within the department 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 control; and
- comments made by the external auditors in their management letter and other reports.

The Corporate Governance Committee has advised me on the implications of the result of my review of the effectiveness of the system of internal control, and a plan to ensure continuous improvement of the system is in place.

**Sir Jon Shortridge
Permanent Secretary
7th March 2005**

**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 15 to 49 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 19 to 23.

Respective responsibilities of the Accounting Officer and Auditor

As described on pages 8 and 9, 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 thereunder, 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 I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the 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 review whether the statement on pages 10 to 12 reflects the National Assembly for Wales' compliance with Treasury's guidance on the 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. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all the risks and controls. I am also not required to form an opinion on the effectiveness of the National assembly for Wales' corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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 2004 and of the net operating cost, resources applied to objectives, recognised gains and losses and cash flows for the year then ended, 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
11 March 2005**

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

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**Operating Statement
For the year ended 31 March 2004**

		Year ended 31 March 2004		Restated Year ended 31 March 2003	
		£000	£000	£000	£000
PROGRAMME COSTS	Note				
Expenditure	4		10,926,916		10,225,733
Income					
Non EU Income	6	(913,795)		(547,307)	
EU Income	6	(417,698)		(316,797)	
			(1,331,493)		(864,104)
Net Programme Costs			9,595,423		9,361,629
ADMINISTRATION COSTS	Note				
Staff Costs	2	202,289		143,886	
Other Administration Costs	3	87,712		81,371	
Gross Administration Costs		290,001		225,257	
Administration Income	6	(14,805)		(4,654)	
Net Administration Cost			275,196		220,603
NET OPERATING COST			9,870,619		9,582,232

**Statement of Recognised Gains and Losses
for the year ended 31 March 2004**

	Note	Year ended 31 March 2004	Year ended 31 March 2003
		£000	£000
Net gain on revaluation of tangible fixed assets	20	736,675	711,383
Detrunked roads	9	(23,833)	(21,733)
Movement on EU Deferred Grant Reserve	18	7,442	0
Donated Assets	19	424	0
Merger of Wales European Funding Office		(187)	0
Assets transferred to NHS Trusts		0	(1,030)
Total recognised gains & losses for the financial year		720,521	688,620
Prior period adjustment	1.22	(29,956)	
Total gains and losses recognised since the last annual report		690,565	

All activities are continuing.

The notes on pages 19 to 49 form part of these accounts.

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Balance Sheet as at 31 March 2004

		At 31 March 2004		Restated At 31 March 2003	
		£000	£000	£000	£000
Fixed Assets	Note				
Intangible Assets	8		85		120
Tangible Assets	9		8,554,112		7,737,725
Investments	10		1,271,591		1,237,602
			<u>9,825,788</u>		<u>8,975,447</u>
Debtors falling due after more than one year			25,128		23,656
Current Assets					
Stocks	12	2,534		2,510	
Debtors	13	427,856		328,730	
Cash at bank and in hand	14	24,562		54,537	
		<u>454,952</u>		<u>385,777</u>	
Creditors: Amounts falling due within one year	15	(653,341)		(611,642)	
Net Current Liabilities			<u>(198,389)</u>		<u>(225,865)</u>
Total Assets less Current Liabilities			<u>9,652,527</u>		<u>8,773,238</u>
Creditors: amounts falling due	15				
After more than one year			(2,893)		(1,860)
Provisions for Liabilities and Charges	16		(107,088)		(109,258)
National Loans Fund Loans	10		(11,955)		(11,998)
			<u>9,530,591</u>		<u>8,650,122</u>
Taxpayer's Equity					
General Fund	17		7,470,364		7,348,811
EU Deferred Grant Reserve	18		7,442		0
Donated Assets	19		4,249		0
Revaluation Reserve	20		2,048,536		1,301,311
			<u>9,530,591</u>		<u>8,650,122</u>

**Sir Jon Shortridge
Permanent Secretary
7th March 2005**

The notes on pages 19 to 49 form part of these accounts.

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**Cash Flow Statement
for the year ended 31 March 2004**

		Year ended 31 March 2004	Restated Year ended 31 March 2003
	Note	£000	£000
Net cash outflow from operating activities		(9,569,937)	(8,774,323)
Capital expenditure and financial investment	7	(77,073)	(191,335)
Non operating receipts surrenderable to Consolidated Fund		666,067	680,611
Payments to the Consolidated Fund via Wales Office		(663,260)	(680,770)
Financing		9,614,177	9,011,340
NHS Reorganisation		51	0
(Decrease)/Increase in cash in the year		(29,975)	45,523
<hr/>			
Reconciliation of operating cost to operating cash flows			
	Note		
Net operating cost		9,870,619	9,582,232
Provisions utilised	16	17,374	10,781
Non-cash transactions : Administrative costs	3	(4,682)	(13,400)
Programme costs	4	(339,783)	(768,753)
Notional recharges to Wales Office	17	344	1,703
Notional Charges for Pension Fund	17	(2)	(8)
Health Operating Cost Adjustments for prior years		(693)	0
Movements in working capital other than cash	11	26,760	(38,232)
Net cash outflow from operating activities		9,569,937	8,774,323
<hr/>			
Analysis of capital expenditure and financial investment			
Issue of loans	7	52,844	62,532
Repayment of loans	7	(5,861)	(11,244)
Payments to acquire intangible and fixed assets	7 & 8	44,721	142,210
Receipts from disposal of fixed assets	7	(14,631)	(2,163)
Net cash outflow from investing activities		77,073	191,335
<hr/>			
Analysis of financing			
From Consolidated Fund via Wales Office	17	9,606,147	9,011,340
EU Deferred Grant	18	7,442	0
Donation	19	588	0
(Increase)/Decrease in cash	14	29,975	(45,523)
Net cash requirement		9,644,152	8,965,817

The notes on pages 19 to 49 form part of these accounts.

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**Resources by Assembly Objectives
For the year ended 31 March 2004**

Aim: Wales: A Better Country sets out:

- our guiding vision of a fairer, more prosperous, healthier and better educated country rooted in our commitment to social justice and to putting health and wealth creation that is sustainable at the heart of policy-making;
- the radical agenda we have for public services in Wales, with our programme for delivering the manifesto commitments;
- the priority issues which are broader than any one section of government and where smarter working and working together can make a bigger and longer-lasting impact; and
- the way we want to deliver jointly with our partners in local government, business, the trade unions and the voluntary sector.

	2003-04			2002-03
	Gross £000	Income £000	Net £000	Restated Net £000
Objectives:				
▪ promoting a diverse, competitive, high-added value economy, with high quality skills and education, that minimises demands on the environment	1,067,499	(237,358)	830,141	1,173,231
▪ action on social justice that tackles poverty and poor health, and provides people and their communities with the means to help themselves and break out of the poverty trap	3,928,028	(2,214)	3,925,814	3,488,157
▪ action in our built and natural environment that enhances pride in the community, supports bio-diversity, promotes local employment and helps to minimise waste generation, energy and transport demands	464,548	(195,614)	268,934	209,796
▪ strengthening Wales' cultural identity and helping to create a bilingual country	113,148	(2,068)	111,080	89,084
▪ ensuring all our children and future generations enjoy better prospects in life, and are not landed with a legacy of problems bequeathed by us	1,167,991	(13,659)	1,154,332	1,114,104
▪ supporting people to live healthy and independent lives	4,475,703	(895,385)	3,580,318	3,507,860
	11,216,917	(1,346,298)	9,870,619	9,582,232

Note 31 explains the methodology used for the allocation of resources to Assembly objectives.

The notes on pages 19 to 49 form part of these accounts.

The National Assembly for Wales

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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 Consolidation

These accounts comprise a consolidation of the core department, its two executive agencies, Cadw: Welsh Historic Monuments and Health Commission Wales, and the 22 local health boards and the Dental Practice Board in Wales. Each of these bodies produces and publishes their own annual report and accounts.

1.3 Tangible fixed assets

The property that the Assembly owns is capitalised and appears on the balance sheet; leased property is treated as a revenue cost. 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 indices used for 2003-04 were taken from the Investment Property Databank (IPD) UK Annual Index (2003).

Leasehold land and property are not capitalised, but owned property on leasehold land is capitalised.

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 the appropriate indices from the 'Producer Price Indices – MM22', produced by the Office for National Statistics.

The Assembly capitalises its in-house developed software. Software licences are not capitalised on the grounds that they are not material, as the vast majority of licences are provided through a PFI desktop service and thus not owned by the Assembly.

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The minimum level for capitalisation of individual assets is £5,000, except for Cadw where the policy for capitalisation of individual assets is £1,000.

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 Income

Operating income relates directly to the operating activities of the Assembly. Income from the European Union in respect of the European programmes, funds and initiatives is brought to account in line with grants payable in respect of these amounts.

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1.8 Administration & Programme expenditure

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

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 for 2003-04 of 3.5 per cent (6% in 2002 – 03) in real terms on all assets less liabilities, except for cash balances held by the Office of the Paymaster General, amounts repayable from 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 and the business activities of Cadw, where VAT is recoverable is accounted for net of VAT.

1.11 Pensions

Present and past employees are covered by the provisions of the Civil Service Pension Scheme which are described in Note 2. The defined benefit elements of the scheme are unfunded and non-contributory except in respect of dependants' benefits. The Assembly recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payments to the Principal Civil Service Pension Scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Assembly recognises the contributions payable for the year.

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.

Employees of local health boards participate in either the NHS pension scheme or private pension schemes. The NHS pension scheme is a statutory, defined contribution scheme, the provisions of which are laid down in the NHS Pension Scheme Regulations 1995 (SI 1995 No.300). Employer contributions are set at a rate specified by the Assembly as advised by the Government Actuary. The contribution rate for 2003-04 was 14%

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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. Similar arrangements are in place for health authority employees who retire early.

1.13 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.

1.14 Operating leases

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

1.15 Grants payable

The National Assembly for Wales provides grants to sponsored bodies and external organisations. 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.

1.16 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.

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1.17 Notional Charges

The Assembly provides support functions for some of its sponsored bodies, under service level agreements. A notional charge has been included in all relevant accounts for these services.

1.18 Provision for Doubtful Debts

The Assembly provides for doubtful debts after 6 months unless there is reasonable proof that the debt will be paid.

1.19 Losses and special payments (NHS)

The cost of clinical negligence cases and other losses and special payments are brought to account when there is reasonable expectation of settlement. Disputed cases are recorded as contingent liabilities.

1.20 Research and Development

Local health board research and development is charged to the Operating Statement as it is incurred.

1.21 EU Deferred Grant Reserve

Funding received by the Assembly from the European Union towards the costs of road building schemes in Objective 1 areas has been credited to an EU Deferred Grant Reserve. The funding will be released to the Operating Cost Statement in line with the depreciation charged on the relevant fixed assets.

1.22 Reorganisation of NHS

The opening balance of Public Dividend Capital has been restated to account for the merger of Powys Trust into the Local Health Board. This has resulted in the balance on the General Fund at 31 March 2003, originally stated at £7,378,767,000, being amended to £7,348,811,000. Other adjustments arising from the NHS reorganisation totalling £57,297,000, and mainly relating to additional fixed assets coming within the accounting boundary, have been brought to account in the year.

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2. Staff Numbers and Costs

The average number of whole-time equivalent persons employed by the Assembly and the entities within the group (including senior management, cabinet ministers, Assembly members and special advisors) during the period was 7,031 (2002-03 – 5,534). The large increase in staff is a result of Powys LHB now incorporating the Trust functions in its accounts and therefore includes direct medical staff accounted for in separate Trust accounts for 2002-03.

The aggregate payroll costs were as follows:

	Year ended 31 March 2004 Total £000	Year ended 31 March 2003 Total £000
Salaries	157,917	114,375
Social Security Costs	12,425	8,237
Other Pension Costs	20,720	13,957
Sub Total	191,062	136,569
Plus:		
Secondments	2,664	2,539
Agency Staff	8,563	4,778
Total	202,289	143,886

Presiding Officers

Name	Position	Age	Annual Salary for year to 31 March 2004 £000	Increase in Pension at Age 65 £000	Total Accrued Pension at Age 65 at 31 March 2004 £000	CETV at 31 March 2003 Nearest £000	CETV at 31 March 2004 Nearest £000	Real Increase in CETV* Nearest £000
Lord Dafydd Elis-Thomas	Presiding Officer	57	75-80	0-2.5	17.5-20	207	246	16
Dr John Marek	Deputy Presiding Officer	63	65-70	0-2.5	2.5-5	53	79	18

Assembly Cabinet

Name	Position	Age	Annual Salary for year to 31 March 2004 £000	Increase in Pension at Age 65 £000	Total Accrued Pension at Age 65 at 31 March 2004 £000	CETV at 31 March 2003 Nearest £000	CETV at 31 March 2004 Nearest £000	Real Increase in CETV* Nearest £000
Rt. Hon. Rhodri Morgan	First Minister	64	110-115	0-2.5	7.5-10	116	159	28
Jane Davidson	Cabinet Minister	47	75-80	0-2.5	5-7.5	51	69	10
Andrew Davies	Cabinet Minister	51	75-80	0-2.5	7.5-10	66	87	12
Sue Essex	Cabinet Minister	58	75-80	0-2.5	7.5-10	83	110	17
Edwina Hart	Cabinet Minister	46	75-80	0-2.5	7.5-10	55	73	9

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Jane Hutt	Cabinet Minister	54	75-80	0-2.5	12.5-15	136	164	14
Carwyn Jones	Cabinet Minister	37	75-80	0-2.5	5-7.5	34	46	5
Alun Pugh ⁽¹⁾	Cabinet Minister	48	75-80	0-2.5	2.5-5	32	47	9
Karen Sinclair ⁽¹⁾	Cabinet Minister	51	75-80	0-2.5	2.5-5	36	53	10
Michael German ⁽²⁾	Cabinet Minister	58	45-50	0-2.5	2.5-5	59	64	1
Jenny Randerson ⁽²⁾	Cabinet Minister	55	45-50	0-2.5	5-7.5	62	67	1

***after adjustment for contributions, inflation and changes in market investment factors**

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 and the purchase of added years to the National Assembly for Wales Members' Pension Scheme.

(1) Cabinet Minister from 8 May 2003

(2) Cabinet Minister to 30 April 2003

Senior Management

Name	Position	Age	Annual Salary Band for year to 31 March 2004 £000	Increase in Pension at Age 60 £000	Total Accrued Pension at Age 60 at 31 March 2004 £000	CETV at 31 March 2003 Nearest £000	CETV at 31 March 2004 Nearest £000	Real Increase in CETV* Nearest £000
Sir Jon Shortridge	Permanent Secretary	56	150-155	2.5-5.0 plus 7.5-10 lump sum	65-70 plus 195-200 lump sum	1,058	1,158	55
John Bader	Director – Social Justice & Regeneration Appointed 1 Jan 2004	58	80-85	35.0-37.5 plus 110-12.5 lump sum	35- 40 plus 110-115 lump sum	9	697	109
Huw Brodie	Director – Strategy and Communication	45	75-80	0-2.5 plus 2.5-5 lump sum	20-25 plus 65-70 lump sum	270	304	18
John Clarke	Chief Executive - WEFO Retired 23 Sept 2003	56	85-90	0-2.5 plus 0-2.5 lump sum	0-5 plus 10-15 lump sum	55	66	9
George Craig	Director-Human Resources Retired 21 Nov 2003	57	105-110	5.0-7.5 plus 15-17.5 lump sum	50-55 plus 155-160 lump sum	839	954	89
Richard Davies	Director -Training & Education Dept	54	90-95	2.5-5.0 plus 10-12.5 lump sum	35-40 plus 110-115 lump sum	567	649	49
Martin Evans	Director of Spending Review	56	80-85	0-2.5 plus 5-7.5 lump sum	35-40 plus 105-110 lump sum	560	622	30
Bernard Galton	Director-Human Resources Appointed 1 Jan 2004	47	95-100	2.5-5.0 plus 12.5-15 lump sum	25 – 30 plus 75-80 lump sum	289	366	59
Peter Gregory	Senior Director-Human Resources Retired 30 May 2003	57	85-90	2.5-5.0 plus 10-12.5 lump sum	35-40 plus 110-115 lump sum	611	689	68

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Ruth Hall	Chief Medical Officer	56	115-120	0-2.5 plus 2.5-5 lump sum	5-10 plus 25-30 lump sum	134	166	25
Derek Jones	Senior Director- Economic Affairs	51	105-110	0-2.5 plus 5-7.5 lump sum	35-40 plus 105-110 lump sum	507	569	31
Gareth Jones	Director-Planning, Environment and Countryside Appointed 6 May 2003	46	80-85	5-7.5 plus 17.5-20 lump sum	20-25 plus 70-75 lump sum	232	337	90
Ann Lloyd	Director - NHS Wales	55	125-130	0-2.5 plus 5-7.5 lump sum	5- 10 plus 15-20 lump sum	56	91	30
Bryan Mitchell	Director - Business & Information Management	59	85-90	2.5-5.0 plus 7.5-10 lump sum	40-45 plus 120-125 lump sum	681	767	58
Adam Peat	Director – Local Government and Culture Resigned 30 Sept 2003	55	85-90	35.0-37.5 plus 107.5-110 lump sum	35-40 plus 110-115 lump sum	10	647	94
Steven Phillips	Director - Social Justice & Regeneration From 12 May 2003 to 31 Dec 2003	43	70-75	5.0-7.5 plus 17.5-20 lump sum	15-20 plus 55-60 lump sum	156	241	76
David Pritchard	Director-Economic Development and Transport	58	85-90	0-2.5 plus 5-7.5 lump sum	40-45 plus 120-125 lump sum	669	736	32
Hugh Rawlings	Director-LG, PS & Culture Appointed 30 Sept 2003	53	70-75	2.5-5.0 plus 7.5-10 lump sum	25-30 plus 75-80 lump sum	359	424	37
David Richards	Principal Finance Officer	49	75-80	0-2.5 plus 2.5-5 lump sum	20-25 plus 70-75 lump sum	335	378	22
Winston Roddick	Counsel General Appointment ended 1 Nov 2003	63	140-145	0-2.5 plus 2.5-5 lump sum	5-10 plus 20-25 lump sum	95	115	19
Paul Silk	Clerk to the Assembly	52	105-110	2.5-5.0	50-55	596	673	33
Helen Thomas	Director-Social Policy	53	75-80	0-2.5 plus 5-7.5 lump sum	20-25 plus 65-70 lump sum	328	378	30
Barbara Wilson	Director-Public Service Development	56	70 - 75	0-2.5 plus 5-7.5 lump sum	30-35 plus 90-95 lump sum	480	528	26
Kathryn Bishop ~	Non - Executive Director	45	5 - 10					
Sir Adrian Webb ~	Non - Executive Director	60	5 - 10					

***after adjustment for contributions, inflation and changes in market investment factors**

Similar information for each of the executive agencies and local health boards is disclosed in their respective accounts.

The above salaries are at the annual rate for 2003-2004. The accrued pension details include transferred in values to the PCSPS.

None of the above received benefits in kind.

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~ Non-executive directors were appointed for an annual fee of £7,500 per annum. No pension contributions are made.

Columns 7 & 8 of the above tables show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 9 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements and for which the Civil Service Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Notes

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

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

For 2003-04, employers' contributions of £11,695,103 were payable to the PCSPS (2002-03 - £10,158,000) at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. Rates will remain the same next year, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £44,733

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(2002-03- £ nil) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £1,479 (2002-03 - £200), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were Nil. Contributions prepaid at the date they were Nil.

Assembly Members Pension Scheme

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 Actuary for the Assembly Members Pension Scheme is required to undertake a valuation every three years. The first such valuation was undertaken during 2002-03 (as at 31 March 2002).

The result of this valuation was:

- An increase in employer's contribution from the initial rate of 18.5% to 23%, and;
- Scheme administration expenditure is to be borne by the scheme itself. In the interim, from 6 May 1999 to 31 March 2002, the National Assembly for Wales reimbursed all such expenditure.

These rates are will remain in force until the next formal actuarial valuation, due with an effective date not later than 1 April 2005.

The pension charge for the year was £ 695,048 (2002-03 - £680,861). The market value of the scheme's investments as at 31 March 2004 was £ 4,240,897 (31 March 2003 – £2,598,072). The contributions of the Assembly and Members have been set at 23 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 2004.

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3. Administration Costs

Other Assembly Costs

	Year ended 31 March 2004 £000	Year ended 31 March 2003 £000
Members' expenses & support costs	5,162	4,667
Assembly accommodation & IT	5,371	4,114
Assembly other expenses	2,148	2,674
Accommodation	7,622	10,476
Central administration	15,002	8,009
Rentals under operating leases:		
Accommodation	2,353	1,380
Hire of vehicles and office equipment	596	805
Travel, subsistence and hospitality	4,870	4,216
IT & Telecommunication	24,445	25,413
Election Expenses	5,776	0
Other	9,685	6,217
	<u>83,030</u>	<u>67,971</u>
Non Cash items:		
Depreciation	3,173	1,590
NAW Notional Charges	0	1,350
Cost of capital charge	536	2,403
Loss on disposal of fixed assets	9	257
Impairment of tangible fixed assets	510	148
Provisions	454	7,652
	<u>4,682</u>	<u>13,400</u>
Total Other Assembly costs	<u><u>87,712</u></u>	<u><u>81,371</u></u>

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4. Programme Costs

	Year ended 31 March 2004		Restated Year ended 31 March 2003
	£000	£000	£000
<u>Programme expenditure:</u>			
Health and Social Services	4,242,070		3,812,087
Local Government	3,243,132		3,019,357
Social Justice and Regeneration	616,592		419,109
Environment, Planning and Countryside	456,424		387,415
Economic Development and Transport*	773,926		627,189
Education and Lifelong Learning	1,138,631		1,100,497
Culture, Sport and Welsh Language	103,960		80,241
Estyn	9,051		8,155
Welsh Administration Ombudsman	735		552
Auditor General for Wales	2,612		2,378
	10,587,133		9,456,980
<u>Non-Cash Costs:</u>			
Cost of Capital	316,180		497,524
Depreciation	15,991		162,237
Write-back/Write-down of Fixed Assets	0		59,196
Gain on Disposal of Assets	(4,907)		540
Provisions	12,519		9,203
Provisions – Health Prior Year	0		46,732
Write back of loan debtor	0		(6,679)
	339,783		768,753
	10,926,916		10,225,733

* Includes £96,854,000 classed as depreciation

Programme expenditure for 2002-03 has been restated from the budgeted income format used to the gross basis used for 2003-04.

5. Audit Fees

Total audit fees for placing an opinion on this account and the underlying accounts amounted to £2,014,000 (2002-03 £1,225,000).

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6. Operating income

	Year ended 31 March 2004		Restated Year ended 31 March 2003
	Total		Total
	£000	£000	£000
Programme Income *			
Non-EU Income:			
Income from National Health Service		143,883	149,588
External rents		469	356
Regional Selective Assistance		15,780	1,102
Science Research Investment Fund		9,291	4,646
Other Programme Income		28,584	2,370
Income from monument activities		3,691	3,257
Other Health Income		46,614	52,815
Inland Revenue health funding contributions		665,483	333,173
		<hr/> 913,795	<hr/> 547,307
EU Income			
Common Agriculture Policy	192,970		181,946
Welsh European Funding Office	207,944		128,480
Objective 1 and European Social Fund	16,784		6,371
		<hr/> 417,698	<hr/> 316,797
		1,331,493	<hr/> 864,104
Administration Income			
External rents	76		223
Fees & charges	143		42
Care Standards Inspectorate of Wales Income	1,979		1,863
Deferred Income	34		0
Notional charge to related bodies	344		0
NHS Receipts	11,621		0
Other income	608		2,526
		<hr/> 14,805	<hr/> 4,654
		<hr/> 1,346,298	<hr/> <hr/> 868,758

* Programme income for 2002-03 has been restated from the budgeted income format used to the gross basis used for 2003-04.

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7. Analysis of capital expenditure, financial investment and associated receipts

To 31 March 2004

	Capital		Loans		Net Total £000
	Additions £000	Disposals £000	Issues £000	Repayments £000	
Central Administration	15,286	(1)	21	(53)	15,253
Economic Development & Transport	27,987	(2,237)	0	(100)	25,650
Health & Social Services	1,289	(12,388)	52,823	(5,613)	36,111
Presiding Office	45	0	0	0	45
Social Housing & Regeneration	0	0	0	(95)	(95)
Cadw	114	(5)	0	0	109
Total	44,721	(14,631)	52,844	(5,861)	77,073

To 31 March 2003

	Capital		Loans		Net Total £000
	Additions £000	Disposals £000	Issues £000	Repayments £000	
Central Administration	4,773	0	75	(70)	4,778
Culture Sport & Welsh Language	15	0	0	0	15
Economic Development & Transport	134,551	(1,247)	1,699	0	135,003
Education & Training	0	0	0	(326)	(326)
Health & Social Services	479	(916)	60,758	(10,848)	49,473
Presiding Office	1,543	0	0	0	1,543
Cadw	849	0	0	0	849
Total	142,210	(2,163)	62,532	(11,244)	191,335

Reconciliation of loans issues and repayments to cash movements

	Note	2003-04		Net Movement £000
		Issues £000	Repayments £000	
Total issues and repayments	9	52,995	(19,006)	33,989
Notional Issue and repayments		(151)	1,050	899
NLF		0	43	43
Surrendered to Consolidated Fund		0	195	195
Extra Receipts				
Accrued movement in loan capital	10	0	11,857	11,857
Total financial investment and associated receipts		52,844	(5,861)	46,983

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Reconciliation of fixed asset additions and disposals

	2003-04		Net Movement £000
	Additions £000	Disposals £000	
Total additions and disposals	77,106	(33,565)	43,541
Detrankings	0	23,833	23,833
Impairments	(28,534)	0	(28,534)
(Gain)/Loss on sale	0	(4,899)	(4,899)
Accrued movement in fixed asset additions	(3,272)	0	(3,272)
Donated Assets	(588)	0	(588)
NHS Adjustment	(10)	0	(10)
Total cash movements on asset additions and disposals	44,702	(14,631)	30,071

8. Intangible fixed assets

	Software Licences £000
Gross replacement cost	
At 1 April 2003	292
NHS Reorganisation	1
Additions	19
Revaluation	5
At 31 March 2004	317
Amortisation	
At 1 April 2003	172
Additions	3
Provided in the year	57
At 31 March 2004	232
Net Book Value At 31 March 2004	85
At 1 April 2003	120

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9. Tangible fixed assets

	Roads & Infrastructure	Freehold Land & Buildings	IT, Plant & Equipment	Prepayments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 April 2003	8,686,895	187,838	16,931	66,194	8,957,858
NHS Reorganisation	0	49,681	3,084	2,982	55,747
Additions	28,534	630	1,228	46,126	76,518
Additions - Donations	0	9	79	500	588
Disposals/ write-offs	(27,719)	(12,175)	(120)	0	(40,014)
Impairments	0	0	(481)	0	(481)
Revaluations	734,510	8,420	257	(5,740)	737,447
Reclassification	(101,638)	2,303	9,805	89,530	0
At 31 March 2004	9,320,582	236,706	30,783	199,592	9,787,663
Depreciation					
At 1 April 2003	1,192,149	17,635	10,349	0	1,220,133
NHS Reorganisation	0	(822)	923	0	101
Charged in year	96,854	15,799	3,305	0	115,958
Disposals	(3,886)	(2,454)	(109)	0	(6,449)
Impairments	-	29	0	0	29
Revaluations	(96,399)	129	49	0	(96,221)
Reclassification	(17,926)	0	0	17,926	0
At 31 March 2004	1,170,792	30,316	14,517	17,926	1,233,551
Net Book Value					
At 31 March 2004	8,149,790	206,390	16,266	181,666	8,554,112
Net Book Value At 31 March 2003	7,494,746	170,203	6,582	66,194	7,737,725

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.

On 31 March 2001 two additional properties Pwllpeirian Farm and a landholding on Snowdon, were valued by the Valuation Office Agency. These were valued 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, between formal 5 yearly valuations, 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 £96,854,000 (2002-03 - £103,102,000) is included as depreciation charged in year. The net value of detrunked roads transferred under 'disposals/write-offs' was £23,833,000 (2002-03 - £21,733,000).

Prepayments on Account includes an amount for the A55 PFI scheme.

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10. Loans and Investments

	Public Dividend Capital £000 Restated	Other Loans £000	National Loans Fund £000	Total £000
Balance at 1 April 2003 (Restated)	1,223,434	2,170	11,998	1,237,602
Issues	52,974	21	0	52,995
Repayments	(18,715)	(248)	(43)	(19,006)
Balance at 31 March 2004	<u>1,257,693</u>	<u>1,943</u>	<u>11,955</u>	<u>1,271,591</u>

Analysis of Loans & Investments as at 31 March 2004:

	Book Values £000
Public Dividend Capital:	
Health and Social Services	1,244,771
Welsh Development Agency	12,922
	<u>1,257,693</u>
Other Loans:	
Education & Local Government	1,620
Staff Loans	141
Housing Loans & Mortgages	182
	<u>1,943</u>
National Loans Fund:	
Welsh Development Agency	11,955
	<u>11,955</u>

The Assembly has an equal liability to the National Loans Fund for the amounts which it has borrowed in order to make advances to the Welsh Development Agency.

The fair value of the above investments was £1,262,880,000 (2002-03 £1,257,269,000) as at 31 March 2004.

Opening balance restated for Powys Trust remission of PDC following reorganisation.

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11. Movements in working capital other than cash

	Year ended 31 March 2004 £000	Year ended 31 March 2003 £000
Increase/(Decrease) in stock	24	50
Increase/(Decrease) in debtors	100,598	34,688
(Increase)/Decrease in creditors	(42,732)	(57,327)
	<u>57,890</u>	<u>(22,589)</u>
Adjustment for capital creditors movement	3,272	(3,761)
Adjustment for accrual movements in loans	(11,857)	(11,857)
Less movement in amounts payable to the Consolidated Fund and other non-operating cost balances	(22,545)	(160)
Transfer to Trusts	0	135
	<u><u>26,760</u></u>	<u><u>(38,232)</u></u>

12. Stocks

	At 31 March 2004 £000	At 31 March 2003 £000
Raw materials and consumables	108	152
Telecommunication spares	1,557	1,643
Assembly shop	14	8
Other raw materials and consumables	196	55
Goods for resale	659	652
	<u>2,534</u>	<u>2,510</u>

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13. Debtors

	At 31 March 2004	At 31 March 2003
	£000	£000
Amounts falling due within one year:		
Trade debtors	24,129	60,375
Amounts owed to the Assembly repayable to the Consolidated Fund	758	7,060
Deposits & advances	609	11,694
European Union	319,813	169,802
Other debtors	13,674	4,947
Capital debtors	119	97
Primary Care trusts	4	0
NHS Trusts	7,975	3,689
Welsh Risk Pool	20,415	30,615
Other tax	7,545	6,677
Prepayments and accrued income	32,815	33,774
Total debtors	427,856	328,730
Amounts falling due after more than one year:		
Welsh Risk Pool	25,126	23,613
Other Debtors	2	43
	25,128	23,656
Total debtors	452,984	352,386

14. Cash at bank and in hand

	At 31 March 2004	At 31 March 2003
	£000	£000
Balance at 1 April 2003	54,537	9,014
Net cash inflow/(outflow)	(29,975)	45,523
Balance at 31 March 2004	24,562	54,537

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

Balance at OPG	16,605	52,800
Commercial banks & cash in hand	7,957	1,737
	24,562	54,537

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15. Creditors

Creditors: Amounts falling due within one year

	At 31 March 2004	At 31 March 2003
	£000	£000
Trade creditors	412,573	339,301
Other creditors	129,600	178,148
Rentals due under operating leases	37	0
Accruals & deferred income:		
European Union	239	9,888
Other	74,913	30,481
Amounts payable to the Consolidated Fund via Wales Office	4,945	12,087
NHS Trusts	26,373	38,984
Primary Care Trusts	21	0
Capital creditors	525	20
General Practice Fund Holders (GPFH)	868	1,298
Tax & social security	1,255	783
Staff pensions	1,992	652
	653,341	611,642

**Creditors: Amounts falling due after more
than one year**

	At 31 March 2004	At 31 March 2003
	£000	£000
Retentions on Highways and Transport contracts	2,149	1,632
Trade creditors	166	0
Pensions: Staff	222	153
NHS Trusts	0	75
Other	356	0
	2,893	1,860

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16. Provisions for liabilities and charges

	Total
	£000
Balance at 1 April 2003	109,258
NHS Reorganisation	2,231
Amount utilised in year	(17,374)
(Decrease)/Increase in provision	12,971
Transfer of provision to creditors	2
Balance at 31 March 2004	107,088

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

	At 31 March 2004	At 31 March 2003
	£000	£000
Net operating cost	(9,870,619)	(9,582,232)
Net funding from the Wales Office	9,606,147	9,011,340
Powys NHS Trust remission of PDC	0	(29,956)
Loan repayments payable to the Consolidated Fund	(195)	(154)
Notional loan issues and repayments	(899)	0
Detrunked roads	(23,833)	(21,733)
Revaluation (non-reserve)	0	(99,509)
Notional addition on Roads Network	28,534	0
Impairment of Roads Network	0	258
Transferred from revaluation reserve	8,747	8,706
Transfer of working capital to trusts	0	(135)
NHS Reorganisation	57,297	0
	(194,821)	(713,415)
Notional charges and income:		
Cost of Capital	316,716	499,927
Services provided to Wales Office	(344)	(1,703)
WEFO Charges	0	1,350
Notional Recharging for Pension Costs	2	8
	316,374	499,582
Net increase/(decrease) in the general fund	121,553	(213,833)
Balance at 1 April 2003	7,348,811	7,562,644
Balance at 31 March 2004	7,470,364	7,348,811

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18. EU Deferred Grant Reserve

	At 31 March 2004
	£000
Balance at 1 April 2003	0
In-year Addition	7,442
Balance at 31 March 2004	7,442

19. Donated Asset Reserve

	At 31 March 2004
	£000
Balance at 1 April 2003	0
NHS Reorganisation	3,679
Addition	588
Revaluation and indexation	146
Depreciation	(164)
Balance at 31 March 2004	4,249

20. Revaluation Reserve

	At 31 March 2004	
	£000	£000
Balance at 1 April 2003		1,301,311
NHS Reorganisation		19,297
In year revaluation	833,668	
NHS Reorganisation	(139)	
Add back non-reserve movements	(96,854)	
	<u>736,675</u>	
Of which:		
Roads	734,055	
Land & Buildings	8,372	
IT, Plant & Equipment	164	
Assets under Construction	<u>(5,916)</u>	
		736,675
Transfer to the General Fund in respect of realised element of revaluation reserve		(8,747)
Balance at 31 March 2004		<u>2,048,536</u>

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

21. Capital Commitments

	At 31 March 2004	At 31 March 2003
	£000	£000
Capital commitments for which no provision has been made in these accounts were as follows:		
Roads Construction	29,646	48,095
New Assembly Building	31,337	0
Management & Central Services	0	40,997
Cadw	16	27
	60,999	89,119

22. Commitments under operating leases

	At 31 March 2004		
	Land & Buildings	Other	Total
	£000	£000	£000
At 31 March 2004 the Assembly was committed to making the following payments during the next year in respect of operating leases expiring:			
Within one year	741	356	1,097
Between two and five years	777	676	1,453
After five years	4,171	60	4,231
	5,689	1,092	6,781

23. Revenue Commitments

	At 31 March 2004	At 31 March 2003
	£000	£000
The Assembly was committed to making the following payments against contracts expiring:		
Within one year	2,182	6,110
Between two and five years	0	11,814
After five years	20,727	13,867
	22,909	31,791

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Siemens Business Services provide IT hardware, software and support services, known as 'MERLIN', to the Assembly. This contract commenced in 1 May 2004 and covers a period of 10 years. No capital valuation is possible on the MERLIN contract.

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 2004 was £83,711,840 (2002-03 £42,408,000). 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.

24. Contingent Assets & Liabilities

	At 31 March 2004 £000	At 31 March 2003 £000
Legal claims – alleged medical or employer negligence	95,876	112,167
Potential contractual rights	20,000	0
Potential contractual obligations	(14,800)	15,000
Redundancy Costs – Higher Education Institutions	(2,500)	2,500
Continuing Care	0	10,100
Other	751	2,314
Potential taxation liabilities	(64)	78
	99,263	142,159

The agreement with LG Electronics provides for the Assembly to take ownership of various land and buildings or be recompensed in cash, depending on various contractual arrangements and actions described therein. The approximate value of these contingent assets is £20 million.

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 2003-04 disclose contingent liabilities for the Risk Pool of £172,122,000 (2002-03 £157,741,000).

The Wales European Funding Office has submitted final claims in respect of Structural Fund Programmes for 1994-99. There is a possibility that the EC will not refund the full claim and

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that the Assembly would bear the cost. At this time both the probability of that happening and the amounts involved are unquantifiable.

25. Harbour Authority Agreement

On 27 March 2000, the City and County of Cardiff (the Council) and the Cardiff Bay Development Corporation (CBDC) entered into an agreement pursuant to section 165 of the Local Government, Planning and Land Act 1980. That agreement effected a transfer to the Council of an undertaking based on functions, powers, duties and obligations conferred on CBDC by the Cardiff Bay Barrage Act 1993. Essentially, this covered the management and operation of the Barrage, the inland lake and the outer harbour. On wind-up of CBDC, the National Assembly for Wales (the Assembly), by virtue of an order, assumed CBDC's rights and liabilities under the agreement.

Although the transfer was to be on a permanent basis, the agreement included provisions to review the arrangements set out within it after an initial 5 year period, and, if necessary, to amend them. The provisions also enabled either party to call for termination and, if that were to happen, require the Council to transfer the undertaking to the Assembly or to some other body or organisation.

In preparing for that review, legal advice was sought and this raised some questions about some aspects of those provisions. As a result there is uncertainty as to whether the agreement in whole or in part is valid. The Assembly Government, the Council and the Welsh Development Agency (WDA) are working in partnership to consider this matter and to determine what action is necessary to clarify the position. At this stage it is premature to say whether it is necessary to seek the assistance of the Courts or whether any other action is needed.

The Assembly is satisfied that pending clarification of the rights and obligations of the parties it can continue to fund the Council to carry out activities in relation to the bay. The Assembly is continuing to make any payments due under the agreement to the Council and the Council are continuing to carry out their responsibilities under the agreement.

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26. Analysis of net operating cost

	Year ended 31 March 2004 £000	Restated Year ended 31 March 2003 £000
Assembly	1,751,496	1,843,977
Health and Social Services	3,139,353	3,404,062
Health Commission Wales	368,926	0
Local Government	3,242,749	3,019,185
Assembly Sponsored Public Bodies	1,295,137	1,238,801
Cadw	13,448	13,327
WEFO	0	11,811
Estyn	9,051	8,155
Forestry Commission	22,449	18,653
Auditor General for Wales	2,612	2,378
Welsh Administration Ombudsman	735	551
Other Agencies:		
Environment Agency	18,763	15,588
Other	5,900	5,744
	9,870,619	9,582,232

27. Interest

	Year ended 31 March 2004 £000	Year ended 31 March 2003 £000
Interest Payable:		
National Loans Fund	1,736	1,742
Health Service	171	0
Building Acquisition	42	54
Part 1 Claims	20	71
	1,969	1,867
Interest Receivable:		
National Loans Fund Investments	(1,736)	(1,742)
Dividend received on PDC investments	(65,617)	(91,414)
Other loan interest (including Health loans)	(414)	(15)
	(67,767)	(93,171)

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28. 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 2004	Restated To 31 March 2003
	£000	£000
Health & Social Services	4,180	4,179
Social Justice and Regeneration	159,500	162,429
Environment, Planning & Countryside	17,883	15,886
Economic Development and Transport	38,639	39,729
Education & Lifelong Learning	35,452	35,448
Local Government	5,325	3,515
Total Credit Approvals	260,979	261,186

Note 24 was restated for 2002-2003 to reflect the change in the Main Expenditure Groups.

29. Losses and Special Payments

a) Losses (Excluding Local Health Boards)

Main Expenditure Group	No of Cases	Amount £000
Environment, Planning & Countryside	452	57
Central Administration	123	60
Transport & Economic Development	62	5,036
Health & Social Services	3	7
Presiding Office	2	1
	642	5,161

b) Special Payments (Excluding Local Health Boards)

Main Expenditure Group	No of Cases	Amount £000
Environment, Planning & Countryside	497	109
Health and Social Services	1	1
Education & Lifelong Learning	1	4
	499	114

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Details on losses that exceed £100,000:

Claims abandoned – 12 claims for repayment in respect of Regional Selective Assistance Grants

	£000
Company in Liquidation	100
Not cost Effective to retrieve Monies	110
Company in Liquidation	114
Company in Liquidation	125
Company in Liquidation	125
Company in Liquidation	125
Company in Liquidation	125
Company in Liquidation	160
Company in Liquidation	197
Company in Liquidation	350
Company in Liquidation	378
Company in Liquidation	2,435

Local Health Boards: Losses and Special Payments	No of Cases	Amount £000
Clinical Negligence	98	2,075
Personal injury	10	57
Other	493	1,373
	601	3,505

30. Related Party Transactions

The Assembly receives its funding from the Wales Office which is a related party.

The Assembly has two separate agencies – Cadw and the Health Commission Wales Specialist Services. 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 significant transactions with Government Departments and other central Government bodies including Assembly Sponsored Public Bodies (ASPBs).

ACCAC: Qualifications, Curriculum and Assessment Authority for Wales
Arts Council of Wales
Basic Skills Agency
Cabinet Office

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Care Council for Wales
Children's Commissioner for Wales
Countryside Council for Wales
Dental Practice Board
Department for Constitutional Affairs
Department for Environment, Food and Rural Affairs
Department for Health
Department for Transport
Department for Work and Pensions
Department of Trade and Industry
Environment Agency Wales
Estyn: Her Majesty's Inspectorate of Education & Training in Wales
Food Standards Agency
Forestry Commission
Further and Higher Education Bodies
General Social Care Council
General Teaching Council for Wales
Health Protection Agency
Higher Education Funding Council for Wales
HM Treasury
Local Authorities in Wales
Local Government Boundary Commission for Wales
National Council for Education & Training for Wales
National Library of Wales
National Museums & Galleries of Wales
NHS Bodies in Wales
Office of Government Commerce
Office of Science and Technology
Planning Inspectorate
Police Authorities in Wales
Public Health Laboratory Service
Rural Payment Agency
Sports Council for Wales
Treasury Solicitors Department
Trunk Road Agencies in Wales
University of Glamorgan
Valuation Office Agency
Wales Tourist Board
Welsh Development Agency
Welsh Language Board

The Assembly has three subsidiary companies:

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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Newport Unlimited, which is a company limited by guarantee. The Assembly and partners – The Welsh Development Agency and Newport County Council are in equal partnership. The Design Commission for Wales, which is an Assembly-owned, not-for-profit company limited by guarantee. It is a registered company, with a board of Directors having been given the powers of management to run the company, with the Assembly retaining overall control of its affairs.

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

All 22 local health boards undertook related party transactions. The details of these can be found in their underlying accounts.

31. Resources by Assembly Objectives

Programme expenditure and income has been allocated in Schedule 5 based primarily on Main Expenditure Group outturn. As most of the Assembly's expenditure relates to programme, net administration costs have been allocated to objectives in the same proportions as overall programme expenditure. Prior year figures have been restated in line with Main Expenditure Group restructure.

32. 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. Provision has been made separately in the accounts for the outstanding debt from the reorganisation. Other loans were discounted over their remaining life using the National Loans Fund rate of 4.9 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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	Book Values £000	Fair Values £000	Basis of Fair Valuation
Financial Assets:			
Public Dividend Capital:			
Health and Social Services	1,244,771	1,244,771	<i>Note a</i>
Welsh Development Agency	12,922	12,922	<i>Note a</i>
	1,257,693	1,257,693	
Other Loans:			
Education & Local Government	1,620	752	<i>Note b</i>
Staff Loans & Advances of Salaries	141	116	<i>Note b</i>
Housing Loans & Mortgages	182	113	<i>Note b</i>
	1,943	981	
National Loans Fund:			
Welsh Development Agency	11,955	4,206	<i>Note b</i>
	11,955	4,206	

Notes:

a The net assets of the recipient bodies exceed the values of the investment loans and therefore the fair value of the loans is equal to the book values.

b The discount rate used is the current National Loan Fund rate of 4.9%

33. Merger of Wales European Funding Office

The Welsh European Funding Office, formerly an executive agency of the National Assembly, was merged into the National Assembly Government on 24 July 2004. In accordance with HM Treasury instructions the merger became effective from 1 April 2003. The merger was completed in accordance with the merger accounting principles set out in the Financial Reporting Standard number 6.

The prior year figures disclosed in the Net Operating Cost Statement, Balance Sheet, Cash Flow and supporting notes have been restated to take account of the merger. The net effect upon the financial statements, as reported in the Statement of recognised gains and losses, is £187,000 reduction in the General Fund.

34. Reorganisation of NHS

Local Health Boards were established on 1 April 2003 and took over the main responsibilities of the Health Authorities. Powys LHB includes the NHS Trust for that area. The reconstituted opening balances for the LHBs have been identified in the accounts as 'NHS Reorganisation'.