
The National Assembly for Wales
Cynulliad Cenedlaethol Cymru
Consolidated Resource Accounts 2002-2003

**The National Assembly for Wales
Consolidated Resource Accounts 2002-2003**

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 health authorities 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 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” was the extant Assembly’s overall strategic plan during 2002-03 and was issued in October 2001. This is published on the Assembly’s internet site www.planforwales.wales.gov.uk.

“Plan for Wales 2001” has three guiding principles – Sustainable Development, Social Inclusion and Equal Opportunities.

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
- Supporting Rural Wales
- Identity
- Modern Government
- Cymru-ar-lein – Promoting Information Communication Technology (ICT)

Sources of Funding

The Assembly’s funding during 2002-03 was 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, its two executive agencies, Cadw: Welsh Historic Monuments (Cadw) and Welsh European Funding Office

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(WEFO), and the Health Authorities in Wales, which includes the five Welsh health authorities and the Dental Practice Board (DPB) in Wales.

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

Results for the year

The results for the year are reported in detail in the attached accounts. They record a consolidated net operating cost of £ 9,569,676,000. The consolidated net assets have increased by £518,800,000 mainly due to increases in the value of the roads network and other fixed assets. Treasury has given the Assembly dispensation from producing Schedule 1 – Resource Outturn as the Assembly Budget is currently compiled on a basis inconsistent with these accounts.

Movements in fixed assets

Tangible fixed asset additions in the period were £502,633,000. Fixed assets were re-valued in the period, resulting in a net increase in value of £711,267,000, of which £664,747,000 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 National Health Service Trusts in Wales. Other loans exist with Local Authorities, Education Authorities and Housing Associations. Additionally, the Assembly has responsibility for managing issues from the National Loans Fund to the Welsh Development Agency.

At 31 March 2003 the Assembly had outstanding investments totalling £1,267,558,000, comprising outstanding advances from the National Loans Fund of £11,998,000, Public Dividend Capital of £1,253,390,000 and other loans of £2,170,000.

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.

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Michael German	Deputy First Minister & Minister for Rural Development & Wales Abroad (from 13/06/2002)
Jane Davidson	Minister for Education & Lifelong Learning
Andrew Davies	Minister for Economic Development
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 & Minister for Assembly Business (until 12/06/2002); Minister for Open Government (from 13/06/2002).
Jenny Randerson	Deputy First Minister (until 12/06/2002) and Minister for Culture, Sport & Welsh Language

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

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Bryan Mitchell	Health Reorganisation (until 10/01/2003) & Director – Business and Information Management (from 11/01/2003)
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
Kathryn Bishop	Non-Executive Member (from January 2003)
Sir Adrian Webb	Non-Executive Member (from January 2003)

Membership of each of the management boards within the executive agencies and the Health Authorities are detailed in their individual accounts for 2002-03.

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 Health Authorities are detailed in their individual accounts for 2002-03.

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.

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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.

Better Payment Practice Code

Under the Late Payment of Commercial Debts (Interest) Act 1998, public sector bodies are 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. The relevant percentage of invoices paid within the terms is disclosed in the individual accounts of the Assembly, its executive agencies and the health authorities.

Auditors

These accounts 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

Assembly Building

On 1 July 2003 Assembly Members approved the proposal to enter into a fixed price contract of £40,997,000 for the new Assembly Chamber Building with Taylor Woodrow Construction Ltd. Final completion is planned for August 2005.

Welsh European Funding Office

The Welsh European Funding Office ceased to be an agency of the National Assembly on 24 July 2003. With effect from 1 April 2003, WEFO became a part of the Assembly's Economic Development and Transport Department.

Health Authorities

The Health Authorities were abolished on 31 March 2003 and have been replaced by 22 Local Health Boards on 1 April 2003.

**Sir Jon Shortridge
Permanent Secretary
23 March 2004**

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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 2003.

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 year.

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 requirements. 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 has appointed the Clerk to the Assembly to be an additional Accounting Officer responsible for the finances relating to the Presiding Office. This appointment does 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 WEFO 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 health authorities in Wales is governed by separate authority, and the chief executives of each of the health authorities 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 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 officials concerned.

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10 Each of the executive agencies and the health authorities publish separate Statements of Accounting Officers' Responsibilities and these are included in the individual accounts of these organisations.

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STATEMENT ON INTERNAL CONTROL

1 This statement is given in respect of the consolidated resource accounts for the National Assembly for Wales, which incorporates the transactions and the net assets of its core activities, its agencies and other bodies falling within the boundary for resource accounting purposes. As Principal Accounting Officer for the Assembly and in accordance with the responsibilities assigned to me in my appointment letter I acknowledge my overall responsibility for:

- Ensuring that the Assembly, its agencies and the other related bodies, maintain sound systems of internal control which support the achievement of the Assembly's policies, aims and objectives, and
- Safeguarding the public funds and assets for which I am personally responsible.

2 The Chief Executives of the agencies and other related bodies falling within the boundary are responsible for the maintenance and operation of the systems in those bodies and have signed a statement relating to their systems which is reproduced in the accounts for their respective bodies. In addition, within the Assembly, 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. Also I have signed a statement on internal control for the Assembly, which is published with the separate accounts covering the Assembly's core activities.

3 The systems of internal control are designed to manage, rather than to eliminate, the risk of failure to achieve policies, aims and objectives; they can therefore only provide reasonable and not absolute assurance of effectiveness. The systems of internal control are based on a continuing process designed to:

- Identify the principal risks to the achievement of the policies, aims and objectives of the Assembly, its agencies and other related bodies;
- Evaluate the nature and extent of those risks; and
- Manage them efficiently, effectively and economically.

4 This process has been in place for the year ended 31 March 2003 and up to the date of approval of the annual report and accounts. It accords with Treasury guidance.

5 Each organisation has Internal Audit arrangements, which operate 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 systems of internal control, together with recommendations for improvement to their Audit / Corporate Governance Committees who in turn report to their management boards.

6 My review of the effectiveness of the systems of internal control is informed by the work of the internal auditors and the executive managers within the relevant organisations, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors of each organisation in their management letters and other reports.

**Sir Jon Shortridge
Permanent Secretary
23 March 2004**

**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 16 to 20.

Respective responsibilities of the Accounting Officer and Auditor

As described on pages 7 and 8, 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 within 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 page 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 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 and its group entities at 31 March 2003 and of the net resource outturn, resources applied to objectives, total recognised gains and losses and cash flows of the group for the year to 31 March 2003, 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
26 March 2004**

**National Audit Office,
3 – 4, Park Place,
CARDIFF CF10 3DP**

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**Consolidated Operating Statement
for the year ended 31 March 2003**

	Note	Year ended 31 March 2003		Year ended 31 March 2002	
		£000	£000	£000	£000
Programme Costs					
Expenditure	4		10,204,847		9,308,223
Income					
Non European Union Income	6	(543,663)		(658,354)	
European Union Income	6	(310,426)		(368,781)	
			(854,089)		(1,027,135)
Net Programme Costs			9,350,758		8,281,088
Administration Costs	Note				
Staff Costs	2	143,886		133,086	
Other Administration Costs	3	78,399		68,789	
Gross Administration Costs		222,285		201,875	
Administration Income	6	(3,367)		(476)	
Net Administration Costs			218,918		201,399
Net Operating Cost			9,569,676		8,482,487

**Statement of Recognised Gains and Losses
for the year ended 31 March 2003**

	Note	Year ended 31 March 2003 £000	Year ended 31 March 2002 £000
Net gain on revaluation of tangible fixed assets	18	711,383	182,317
Retrunked Roads	9	-	75,256
Detrunked Roads	9	(21,733)	(183,511)
Non cash acquisition of tangible fixed assets	17	-	1,175
Assets transferred to NHS Trusts		(1,030)	-
Total recognised gains and losses for the financial year		688,620	75,237

The notes on pages 16 to 42 form part of these accounts.

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Consolidated Balance Sheet as at 31 March 2003

	Note	At 31 March 2003		At 31 March 2002	
		£000	£000	£000	£000
Fixed Assets					
Intangible Assets	8		120		37
Tangible Assets	9		7,737,725		7,235,092
Investments	10		1,267,558		1,221,684
			9,005,403		8,456,813
Current Assets					
Stocks	12	2,510		2,460	
Debtors	13	340,274		305,586	
Cash at bank and in hand	14	54,537		9,014	
		397,321		317,060	
Creditors: amounts falling due					
Within one year	15	(599,530)		(537,777)	
Net Current Liabilities			(202,209)		(220,717)
Total Assets less Current Liabilities					
			8,803,194		8,236,096
Creditors: amounts falling due					
after more than one year	15		(1,860)		(6,286)
Provisions for Liabilities and Charges	16		(109,258)		(56,452)
National Loans Fund Loans	10		(11,998)		(12,080)
			8,680,078		8,161,278
Taxpayer's Equity					
General Fund	17		7,378,767		7,562,644
Revaluation Reserve	18		1,301,311		598,634
			8,680,078		8,161,278

**Sir Jon Shortridge
Permanent Secretary
23 March 2004**

The notes on pages 16 to 42 form part of these accounts.

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**Consolidated Cash Flow Statement
for the year ended 31 March 2003**

		Year ended 31 March 2003	Year ended 31 March 2002
	Note	£000	£000
Net cash outflow from operating activities		(8,761,830)	(7,918,941)
Capital expenditure and financial investment	7	(191,335)	(165,589)
Non operating receipts surrenderable to consolidated fund		680,611	673,287
Payments to the Consolidated Fund via Wales Office		(680,770)	(701,215)
Financing arrangements from Finance Leases		-	176
Financing from Consolidated Fund via Wales Office	17	8,998,847	7,964,552
Increase/ (Decrease) in cash in the year		<u>45,523</u>	<u>(147,730)</u>

Reconciliation of operating cost to operating cash flows

Net operating cost		9,569,676	8,482,487
Provisions utilised	16	10,781	31,678
Non-cash transactions : Administrative costs	3	(9,944)	(1,991)
Programme costs	4	(770,859)	(614,808)
Notional recharges to Wales Office	17	416	328
Notional charges for pension costs	17	(8)	(8)
Movements in working capital other than cash	11	(38,232)	(21,255)
Net cash outflow from operating activities		<u>8,761,830</u>	<u>7,918,941</u>

Analysis of capital expenditure and financial investment

Issues of loans	7	62,532	55,585
Repayment of loans	7	(11,244)	(8,929)
Payments to acquire fixed assets	7	142,210	131,469
Receipts from disposal of fixed assets	7	(2,163)	(12,536)
Net cash outflow from investing activities		<u>191,335</u>	<u>165,589</u>

Analysis of financing

From Consolidated Fund via Wales Office	17	8,998,847	7,964,552
(Increase) / Decrease in cash	14	(45,523)	147,730
Net cash requirement		<u>8,953,324</u>	<u>8,112,282</u>

The notes on pages 16 to 42 form part of these accounts.

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**Consolidated Resources by Assembly Objectives
For the year ended 31 March 2003**

Aim: 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 principals:

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; and

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.

	2002-03			2001-02
	Gross	Income	Net	Net
	£000	£000	£000	£000
Objectives:				
• Developing the Learning Community	1,140,013	(26,373)	1,113,640	975,143
• Improving Health & Care Services	3,955,280	(448,987)	3,506,293	3,028,546
• A Modern Economy	540,999	(163,840)	377,159	360,681
• Creating Stronger Communities	3,488,996	(2,257)	3,486,739	3,287,621
• The Place in Which We Live	882,752	(4,032)	878,720	681,930
• Supporting Rural Wales	303,450	(203,474)	99,976	74,391
• Identity	100,537	(11,493)	89,044	66,976
• Modern Government	4,066	(1)	4,065	2,986
• Cymru-Ar-Lein – Promoting ICT	14,049	(9)	14,040	4,213
Net Operating Costs	10,430,142	(860,466)	9,569,676	8,482,487

The objectives are new for 2002-03. The 2001-02 comparator has been re-allocated in line with the new objectives.

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

The notes on pages 16 to 42 form part of these accounts.

Notes to the Assembly Consolidated 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 and WEFO, and the five health authorities 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 2002-03 were taken from the Investment Property Databank (IPD) UK Annual Index (2002).

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

The Assembly capitalises its in-house developed software.

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.

Heritage properties in the care of the National Assembly for Wales are of inestimable value and are not included in the balance sheet. The cost of heritage properties, archaeological artefacts and works of art acquired by Cadw are charged to the Operating Statement in the year of purchase.

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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 (or historic cost where there is a material difference) 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 and its related bodies

1.8 Administration & Programme expenditure

The operating cost 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.

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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 for 2002-03 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 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, are 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 employee's 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 contribution 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 is published by the Assembly.

Employees of health authorities 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 2002-03 was 5% of pensionable pay.

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.

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1.13 European Union (EU) income

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

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

The Royal Commission is an executive Assembly sponsored public body empowered by Royal Warrant to maintain a national monument 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.

1.15 Operating leases

Expenditure under 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

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over their remaining life using the Treasury discounted rate of 6%. The Assembly is not exposed to any significant liquidity or interest rate risk.

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

Health authority research and development expenditure is charged to the Operating Statement as it is incurred.

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) during the period was 5,534 (2001-02– 5,536).

The individual details of staff numbers, costs and senior management remuneration are shown in the separate accounts of each of the bodies included within the Assembly group.

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2003 £000	Year ended 31 March 2002 £000
Wages and Salaries *	121,692	112,335
Social Security Costs	8,237	8,253
Other Pension Costs	13,957	12,498
Total Costs	<u>143,886</u>	<u>133,086</u>

* Includes agency staff costs of £4,778,000 and costs of staff seconded in to the Assembly group of £2,539,000 for the year ended 31 March 2003.

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The remuneration of Ministers was as follows:

Name	Position	Age	Salary for year to 31 March 2003	Increase in Pension at age 60	Total Accrued Pension at age 60 at 31 March 2003
			£000	£000	£000
Rhodri Morgan	First Minister	63	95 - 100	0 - 2.5	5.0 - 7.5
Jane Davidson	Cabinet Minister	46	70 - 75	0 - 2.5	2.5 - 5
Andrew Davies	Cabinet Minister	50	70 - 75	0 - 2.5	5.0 - 7.5
Sue Essex	Cabinet Minister	57	70 - 75	0 - 2.5	2.5 - 5
Michael German ¹	Cabinet Minister	57	45 - 50	0 - 2.5	2.5 - 5
Edwina Hart	Cabinet Minister	45	70 - 75	0 - 2.5	5.0 - 7.5
Jane Hutt	Cabinet Minister	53	70 - 75	0 - 2.5	5.0 - 7.5
Carwyn Jones	Cabinet Minister	36	70 - 75	0 - 2.5	2.5 - 5
Jenny Randerson	Cabinet Minister	54	70 - 75	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.

¹ Cabinet Minister from 13 June 2002

Presiding Officer

Name	Position	Age	Salary	Increase in Pension at Age 60	Total Accrued Pension at age 60 at 31 March 2003
			£000	£000	£000
Lord Dafydd Elis-Thomas	Presiding Officer	56	70 - 75	0 - 2.5	5.0 - 7.5
Dr John Marek	Deputising Presiding Officer	62	55 - 60	0 - 2.5	2.5 - 5.0

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Senior Management of National Assembly for Wales' Executive Board

Name	Position	Age	Annual Salary for year to 31 March 2003 £000	Increase in Pension at age 60 £000	Total Accrued Pension at age 60 at 31 March 2003 £000
Sir Jon Shortridge	Permanent Secretary	55	140 – 145	5 – 7.5	60 – 65
Huw Brodie	Director - Agriculture	44	70 – 75	0 – 2.5	20 - 25
John Clarke	Chief Executive - WEFO	55	80 - 85	0 – 2.5	0 – 5
George Craig	Senior Director – Social Policy & Local Govt Affairs	56	100 – 105	2.5 - 5	45 – 50
Richard Davies	Director - Training & Education	53	85 – 90	2.5 – 5.0	30 – 35
Martin Evans	Director - Transport, Planning & Environment	55	75 - 80	0 – 2.5	25 – 30
Peter Gregory	Director - Personnel & Accommodation Services	56	85 – 90	0 – 2.5	30 – 35
Ruth Hall	Chief Medical Officer	55	110 – 115	0 – 2.5	5 – 10
Derek Jones	Senior Director – Economic Affairs, Transport, Planning & Environment	50	100 – 105	2.5 - 5	30 – 35
Ann Lloyd	Director - NHS Wales	54	115 – 120	0 – 2.5	0 – 5
Bryan Mitchell	Director – Business & Information Management	58	80 – 85	2.5 – 5.0	35 – 40
Adam Peat	Director - Local Govt, Housing & Culture	54	80 – 85	0 – 2.5	0 – 5
David Pritchard	Director - Economic Development	57	80 – 85	0 – 2.5	30 – 35
David Richards	Principal Finance Officer	48	75 – 80	2.5 – 5	20 – 25
Winston Roddick	Counsel General	62	135 – 140	0 – 2.5	5 – 10
Paul Silk	Clerk to the Assembly	51	100 – 105	2.5 – 5.0	30 – 35
Helen Thomas	Director - Social Care Group	52	70 – 75	0 – 2.5	20 – 25
Barbara Wilson	Director - Research & Development	55	70 – 75	0 – 2.5	20 – 25
Kathryn Bishop ~	Non-Executive Director	44	0 – 5	-	-
Sir Adrian Webb ~	Non Executive Director	55	0 – 5	-	-

The above salaries are at the annual rate for 2002-2003. The accrued pension details include transferred in values to the PCSPS.

~ Non-executive directors were appointed for 1 January 2003 on an annual fee of £7,500 p.a. No pension contributions are made.

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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 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 2002-03, employers' contributions of £10,158,000 were payable to the PCSPS (2001-02 - £9,227,000) 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 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 £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.

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, with the three-year valuation report as at 1 April 2002. (As a result of the review, with effect from 1 April 2002 the National Assembly for Wales is no longer responsible for reimbursing scheme expenses on a monthly basis, but an allowance has been built into the revised percentage contribution.)

The pension charge for the year was £ 680,892 (2001-02 - £567,480). The market value of the scheme's investments as at 31 March 2003 was £ 2,598,072 (31 March 2002 - £2,096,689). The contributions of the Assembly and Members have been set at 23.5 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 2003.

None of the above received benefits in kind.

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3. Administration costs

	Year ended 31 March 2003		Year ended 31 March 2002	
	£000	£000	£000	£000
Members' expenses & support costs		4,667		7,057
Assembly accommodation & IT		4,114		4,936
Assembly other expenses		2,674		2,982
Accommodation		10,476		17,821
Central administration		8,009		4,454
Rental under operating leases				
- accommodation		1,380		704
- hire of vehicles and office equipment		805		381
Travel, subsistence and hospitality		4,216		4,022
IT & Telecommunications		25,413		19,826
Modern Government		2,150		-
Other		4,551		4,615
		<u>68,455</u>		<u>66,798</u>
Non Cash Items:				
Depreciation & amortisation	1,590		1,655	
Cost of capital charge	297		62	
Loss on sale of fixed assets	257		46	
Impairment of tangible fixed assets	148		192	
Provisions	7,652		36	
		<u>9,944</u>		<u>1,991</u>
Total administration costs		<u><u>78,399</u></u>		<u><u>68,789</u></u>

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4. Programme costs

	Year ended 31 March 2003		Year ended 31 March 2002	
	£000	£000	£000	£000
Programme expenditure		9,433,988		8,693,415
Non-cash items:				
Cost of Capital	499,630		483,365	
Depreciation: Agriculture & Rural Development	9		69	
Economic Development	217		-	
Transport, Planning & Environment	156,634		90,085	
Culture, Sport & Welsh Language	-		5	
Health & Social Services	5,377		4,339	
Cadw	-		228	
Write-down of tangible fixed assets:				
Roads	59,080		-	
Other	116		-	
Provisions	55,935		36,595	
Impairment of tangible fixed assets	-		28	
Write back of loan debtor	(6,679)			
Loss on sale of fixed assets	540		94	
		<u>770,859</u>		<u>614,808</u>
Total programme costs		<u>10,204,847</u>		<u>9,308,223</u>

5. Audit Fees

Total audit fees for placing an opinion on this account and the underlying accounts amounted to £1,225,000 (2001-02 £1,048,000 restated).

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6. Operating income

	Year ended 31 March 2003 Total £000	Year ended 31 March 2002 Total £000
Programme income		
Department of Social Security health funding	333,173	335,657
European Union and other income	310,426	368,781
Income from National Health Service	60,589	150,543
Other health income	52,815	56,382
Income from sponsored & related bodies	71,686	89,362
Income from monument activities	3,257	3,110
External rents	293	386
Other income	21,850	22,914
Total programme income	854,089	1,027,135
Administration income		
External rents	223	131
Fees & charges	42	65
Other income	2,929	117
Assembly income	173	163
Total administration income	3,367	476
Total operating income	857,456	1,027,611

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

	To 31 March 2003				Net Total
	Capital Additions	Capital Disposals	Loans Issues	Loans Repayments	
Central Administration	4,773	-	75	(70)	4,778
Culture Sport & Welsh Language	15	-	-	-	15
Health & Social Services	479	(916)	60,758	(10,848)	49,473
Economic Development	1,088	-	1,699	-	2,787
Education & Training	-	-	-	(326)	(326)
Assembly	1,543	-	-	-	1,543
Transport, Planning & Environment	133,463	(1,247)	-	-	132,216
Cadw	849	-	-	-	849
Total	142,210	(2,163)	62,532	(11,244)	191,335

	To 31 March 2002				Net Total
	Capital Additions	Capital Disposals	Loans Issues	Loans Repayments	
	£000	£000	£000	£000	£000
Central Administration	8,316	(2)	-	(21)	8,293
Health & Social Services	357	(10,224)	55,585	(8,904)	36,814
Education & Training	-	-	-	(4)	(4)
Assembly	37	-	-	-	37
Transport, Planning & Environment	122,326	(2,310)	-	-	120,016
Cadw	433	-	-	-	433
Total	131,469	(12,536)	55,585	(8,929)	165,589

Reconciliation of loans issues and repayments to cash movements

	Note	2002-03		Net Movement
		Issues	Repayments	
		£000	£000	£000
Total issues and repayments in loans note	10	69,211	(23,337)	45,874
Repayments surrendered to Consolidated Fund and National Loans Fund		-	236	236
Notional movement in loan capital		(6,679)	-	(6,679)
Accrued movements in loan capital	11	-	11,857	11,857
Total financial investment and associated receipts		62,532	(11,244)	51,288

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	2002-03		
	Additions	Disposals	Net Movement
	£000	£000	£000
Total additions and disposals	138,351	(76,519)	61,832
Detrankings	-	21,733	21,733
Impairments	-	52,870	52,870
Loss on sale	-	797	797
Accrued movement in fixed asset additions	3,761	-	3,761
NHS Adjustment	98	(1,044)	(946)
Total cash movements on asset additions and disposals	142,210	(2,163)	140,047

8. Intangible fixed assets

	Software Licences £000
Gross Replacement Cost	
At 1 April 2002	323
Additions	110
Revaluation	10
At 31 March 2003	443
Amortisation	
At 1 April 2002	286
Provided in the year	28
Revaluation	9
At 31 March 2003	323
Net Book Value	
At 31 March 2003	120
At 1 April 2002	37

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9. Tangible fixed assets

	Roads & Infrastructure £000	Freehold Land & Buildings £000	IT, Plant & Equipment £000	Assets under Construction £000	Total £000
Cost or Valuation					
At 1 April 2002	8,362,891	150,615	15,684	94,526	8,623,716
Additions	103,102	2,385	2,032	30,832	138,351
Disposals / Write-offs	(104,286)	(1,724)	(1,623)	-	(107,633)
Revaluations	267,366	35,460	1,931	3	304,760
Reclassifications	57,822	1,322	-	(59,144)	-
Transfers	-	(220)	(1,093)	(23)	(1,336)
At 31 March 2003	8,686,895	187,838	16,931	66,194	8,957,858
Depreciation					
At 1 April 2002	1,357,307	20,550	10,767	-	1,388,624
Charged in year	156,444	6,302	1,053	-	163,799
Disposals	(29,832)	(8)	(1,274)	-	(31,114)
Revaluations	(291,770)	(9,209)	232	-	(300,747)
Transfers	-	-	(429)	-	(429)
At 31 March 2003	1,192,149	17,635	10,349	-	1,220,133
Net Book Value					
At 31 March 2003	7,494,746	170,203	6,582	66,194	7,737,725
At 1 April 2002	7,005,584	130,065	4,917	94,526	7,235,092

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 £103,102,000 is included in additions. The net value of detrunked roads transferred under 'disposals / write-offs' was £21,733,000.

Roads and infrastructure assets includes an amount for the A55 PFI scheme.

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10. Loans and investments

	Public Dividend Capital £000	Other Loans £000	National Loans Fund £000	Total £000
At 1 April 2002	1,206,959	2,645	12,080	1,221,684
Issues	69,137	74	0	69,211
Repayments	(22,706)	(549)	(82)	(23,337)
At 31 March 2003	<u>1,253,390</u>	<u>2,170</u>	<u>11,998</u>	<u>1,267,558</u>

Analysis of Loans & Investments as at 31 March 2003:

	Book Values £000
Public Dividend Capital	
Health Trusts	1,240,732
Welsh Development Agency	<u>12,658</u>
	<u>1,253,390</u>
Other Loans	
Education & Local Government	1,720
Staff Loans	174
Housing Loans & Mortgages	<u>276</u>
	<u>2,170</u>
National Loans Fund	
Welsh Development Agency	<u><u>11,998</u></u>

The fair value of the above investments was £1,257,269,297 as at 31 March 2003 in line with the stated accounting policy.

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11. Movements in working capital other than cash

	Year ended 31 March 2003	Year ended 31 March 2002
	£	£
Increase / (Decrease) in stock	50	175
Increase / (Decrease) in debtors	34,688	19,986
Decrease in creditors	(57,327)	24,058
	(22,589)	44,219
Adjustment for capital creditors movement	(3,761)	7,521
Adjustment for accrual movement in loans	(11,857)	263
Less movement in amounts payable to the Consolidated Fund and other non-operating cost balances	(160)	(30,748)
Transfer to Trusts	135	-
	(38,232)	21,255

12. Stocks

	At 31 March 2003	At 31 March 2002
	£000	£000
Raw materials and consumables	207	253
Telecommunication spares	1,643	1,627
Goods for resale	660	580
	2,510	2,460

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13. Debtors

	At 31 March 2003 £000	At 31 March 2002 £000
Amounts falling due within one year:		
Trade debtors	48,263	50,323
Amounts owed to the Assembly repayable to the Consolidated Fund	7,060	16,461
Deposits & advances	11,694	2,806
European Union	169,802	133,905
Other debtors	4,947	11,269
Capital debtors	97	796
NHS Trusts	3,689	12,866
Welsh Risk Pool	30,615	43,209
Other tax	6,677	4,080
Prepayments and accrued income	33,774	4,436
	<u>316,618</u>	<u>280,151</u>
Amounts falling due after more than one year:		
European Union	-	-
NHS Trusts	-	-
Welsh Risk Pool	23,613	25,426
Other debtors	43	9
	<u>23,656</u>	<u>25,435</u>
Total Debtors	<u>340,274</u>	<u>305,586</u>

14. Cash at bank and in hand

	At 31 March 2003 £000	At 31 March 2002 £000
At 1 April 2002	9,014	156,744
Net cash (outflow)/inflow	45,523	(147,730)
At 31 March 2003	<u>54,537</u>	<u>9,014</u>
The Office of HM Paymaster General (OPG) provides a current account banking service. The following balances were held at 31 March:		
Balance at OPG	52,800	6,136
Commercial banks & cash in hand	1,737	2,878
	<u>54,537</u>	<u>9,014</u>

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15. Creditors

	At 31 March 2003 £000	At 31 March 2002 £000
Amounts falling due within one year:		
Trade creditors	338,863	417,950
Other creditors	166,474	53,852
Amounts payable to Consolidated Fund via Wales Office	12,087	21,648
Accruals & deferred income:		
European Union	9,888	1,543
Others	30,481	3,151
NHS Trusts	38,984	33,986
Capital creditors	20	204
General Practice Fund Holders (GPFH)	1,298	3,819
Tax & social security	783	1,213
Other staff pensions	652	411
	<u>599,530</u>	<u>537,777</u>
Amounts falling due after more than one year:		
Payable to National Museum of Wales in respect of the sale of the Welsh Industrial & Maritime Museum	-	3,662
Retentions on Highways and Transport contracts	1,632	1,275
Trade creditors	-	627
NHS Trusts	75	-
Other staff creditors	153	722
	<u>1,860</u>	<u>6,286</u>
Total Creditors	<u>601,390</u>	<u>544,063</u>

16. Provisions for liabilities and charges

	£000
At 1 April 2002	56,452
Amount utilised in year	(10,781)
Increase in provisions in year	63,587
At 31 March 2003	<u>109,258</u>

A detailed analysis of these provisions is given in the underlying accounts of the Assembly and the other bodies.

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

	At 31 March 2003 £000	At 31 March 2002 £000
Net operating cost for the period	(9,569,676)	(8,482,487)
Net funding from the Wales Office	8,998,847	7,964,552
Operating income payable to the Consolidated Fund	-	(7,448)
Loan repayments payable to the Consolidated Fund	(154)	(118)
Detrunked roads	(21,733)	(183,511)
Retrunings and other non-cash additions	-	85,541
Revaluation (non-reserve)	(99,509)	-
Impairment on roads network	258	-
Transferred from revaluation reserve	8,706	29,266
Non cash acquisition of tangible fixed assets	-	1,175
Transfer of working capital to trusts	(135)	-
Staff Loans – net transfers with other Government Departments	-	13
	(683,396)	(593,017)
Notional charges and income:		
Cost of Capital	499,927	483,427
Services provided to Wales Office	(416)	(328)
Notional recharges for pension costs	8	8
Net decrease in the consolidated general fund	(183,877)	(109,910)
At 1 April 2002	7,562,644	7,672,554
At 31 March 2003	7,378,767	7,562,644

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18. Revaluation Reserve

		£000
At 1 April 2002		598,634
In Period Revaluation	605,507	
Add back non-reserve movements	105,876	
	<u>711,383</u>	
Of which:		
Roads	664,747	
Land & Buildings	44,829	
IT Plant & Equipment*	1,807	
Surplus on revaluation		711,383
Transfer to the General Fund in respect of realised element of revaluation reserve		(8,706)
At 31 March 2003		<u>1,301,311</u>

*Other revaluation amounts shown in note 9 relating to IT plant and equipment of £116,000 have been written off to the Operating 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 2003 £000	At 31 March 2002 £000
Capital commitments for which no provision has been made in these accounts were as follows:		
Transport & Highways Directorate	48,095	53,628
Management & Central Services	40,997	1,160
Cadw	27	368
Health Authorities	-	56
	<u>89,119</u>	<u>55,212</u>

20. Commitments under operating leases

	At 31 March 2003		
	Land & Buildings £000	Other £000	Total £000
At 31 March 2003 the Assembly, its agencies and the health authorities in Wales were committed to making the following payments during the next year in respect of operating leases expiring:			
Within one year	129	246	375
Between two and five years	547	255	802
After five years	3,770	12	3,782
	<u>4,446</u>	<u>513</u>	<u>4,959</u>

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21. Revenue Commitments

Private Finance Initiative (PFI) Commitments

	At 31 March 2003 £000	At 31 March 2002 £000
The Assembly, its agencies and the health authorities in Wales were committed to making the following average annual payments in respect of PFI schemes expiring:		
Within one year	6,110	-
Between two and five years	11,814	11,381
After five years	13,867	13,867
	<u>31,791</u>	<u>25,248</u>

Siemens Business Services provide IT hardware, software and support services, known as 'OSIRIS', to the Assembly under a PFI contract. Outside contractors were commissioned by the Assembly under the PFI scheme to build a carriageway across Anglesey.

There were no further significant revenue commitments at the balance sheet date.

22. Contingent liabilities

	At 31 March 2003 £000	At 31 March 2002 £000
Legal claims – alleged medical or employer negligence	112,167	84,234
Potential contractual obligations	15,000	4,000
Redundancy costs – Higher Education Institutions	2,500	2,910
Compensation claims	-	260
Continuing Care	10,100	-
Other	2,314	-
Potential taxation liabilities	78	-
	<u>142,159</u>	<u>91,404</u>

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 2002-03 disclose contingent liabilities for the Risk Pool of £151,000,000 (2001-2002 £253,847,000).

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

23. Analysis of net operating cost

	Year ended 31 March 2003 £000	Year ended 31 March 2002 £000
Assembly	1,831,421	1,478,319
National Health Service	3,404,062	3,089,283
Local Government	3,019,185	2,876,909
Assembly Sponsored Public Bodies	1,238,801	966,885
Cadw	13,327	13,805
WEFO	11,811	12,831
Estyn	8,155	8,440
Forestry Commission	18,653	14,325
Auditor General for Wales	2,378	2,127
Welsh Administration Ombudsman & Health Service Commissioner	551	517
Environment Agency	15,588	13,784
Other agencies	5,744	5,262
	<u>9,569,676</u>	<u>8,482,487</u>

24. Interest

	Year ended 31 March 2003 £000	Year ended 31 March 2002 £000
Interest Payable:		
National Loans Fund	1,742	1,750
Building Acquisition	54	-
Part 1 Claims	71	-
	<u>1,867</u>	<u>1,750</u>
Interest Receivable:		
National Loans Fund Investments	(1,742)	(1,750)
Dividend received on PDC investments	(91,414)	(74,483)
Other loan interest (including Health loans)	(15)	(50)
Early retirement annuity	-	(1)
	<u>(93,171)</u>	<u>(76,284)</u>

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25. 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 2003 £000	To 31 March 2002 £000
Health & Social Services	4,179	4,330
Housing	165,944	149,912
Transport, Planning & Environment	50,465	49,513
Agriculture & Rural Development	11	11
Economic Development	5,139	12,543
Education & Training	35,448	36,727
Total Credit Approvals	261,186	253,036

26. Additional Accountability

a) Losses (Excluding Health Authorities)

	<i>Number of Cases</i>	<i>Amount £000</i>
Assembly:		
Assembly	2	-
Agriculture & Rural Development	293	35
Transport, Planning & Environment	49	84
Central Administration	40	20
Economic Development	64	3,675
Health & Social Services	13	7
Cadw	-	-
	461	3,821

b) Special Payments (Excluding Health Authorities)

	<i>Number of Cases</i>	<i>Amount £000</i>
Assembly:		
Agriculture & Rural Development	95	31
Education & Lifelong Learning	2	6
Health & Social Services	12	29
	109	66

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c) Health Authorities: Losses and Special Payments

	Number of Cases	Amount £000
Clinical Negligence	124	11,882
Other	121	492
	<u>245</u>	<u>12,374</u>

A detailed analysis of these losses and special payments are given in the underlying accounts of the Health Authorities.

27. Related Party Transactions

The Assembly receives its funding from the Wales Office.

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

Ancient Monuments Board for Wales
Arts Council of Wales
Basic Skills Agency
Care Council for Wales
Children's Commissioner for Wales
Countryside Council for Wales
Department for Environment, Food and Rural Affairs
Department for Health
Department of Trade and Industry
Department for Transport
Department for Works and Pensions
Design Council for Wales
Environment Agency Wales
Food Standards Agency
Forestry Commission
Further & Higher Education Bodies
General Teaching Council for Wales
Higher Education Funding Council for Wales
Historic Buildings Council for Wales
Local Authorities in Wales
Local Government Boundary Commission for Wales
National Council for Education & Training in Wales
National Library of Wales
National Museums & Galleries of Wales
NHS Bodies in Wales
Office of Science and Technology
Planning Inspectorate
Police Authorities in Wales
Public Health Laboratory Service

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Qualifications, Curriculum & Assessment Authority for Wales
Royal Commission on Ancient and Historic Monuments in Wales
Rural Payment Agency
Sports Council for Wales
Trunk Road Agencies in Wales
Valuation Office Agency
Wales Office
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.

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 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 period.

All five health authorities undertook related party transactions. The details of these can be found in the underlying accounts.

28. Post Balance Sheet Events

The assets and liabilities of the demised health authorities upon disaggregation will be transferred to nominate successor bodies. In particular, the current assets and liabilities will be apportioned to the newly established Local Health Boards, Velindre NHS Trust and Health Commission Wales. At the completion date for the health authority accounts the disaggregation process had not yet been finalised and it was impossible to quantify the totals which would be transferred to successor bodies.

29. Schedule 5 – 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, administration costs have been allocated to objectives in the same proportions as overall programme expenditure.

30. Prescription income

Under the National Health Service (Charge for Drugs and Appliances) regulations 1989, patients are currently required to pay to the dispensing pharmacist an amount of £6 for each item dispensed to them in respect of a doctor's prescription. There are a large number of exemptions available and only about 9% of patients are required to pay for their prescriptions. Nonetheless a significant amount of income is collected and the accounts of the five health authorities for 2002-03 include an amount of £21.7 million (2001-02 £21.4 million).

A review carried out in England and Wales in 1996 identified a significant loss of income to the NHS as a consequence of prescription charge evasion. As a result new point of dispensing checks were introduced in England and Wales in April 1999. Under these arrangements pharmacists, who were independent contractors, are required to obtain proof of entitlement from any patient claiming exemption and, where a patient is unable to provide such evidence, pharmacists should annotate the prescription form accordingly. All prescription forms are forwarded to Health Solutions Wales for processing and determination of the amounts payable to pharmacists that is the cost of drugs prescribed plus a dispensing fee less income collected from patients.

Following the NAO report and the recommendations of the Audit Committee on "Maximising Income from Prescription Charges", the National Assembly established a Post Payment Verification Unit with Health Solutions Wales during 2002. The unit is tasked with carrying out verification checks to ensure only those entitled to exemption from prescription charges do so. Where it is proved that people have claimed exemption the unit will pursue individuals and apply a penalty charge and surcharge where applicable. The unit became operational from October 2002 and total income of £10,871 was recovered during the financial year.

31. 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 6.3 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:			
National Health Service	1,240,732	1,240,732	<i>Note a</i>
Welsh Development Agency	12,658	12,658	<i>Note a</i>
	1,253,390	1,253,390	
Other Loans:			
Education & Local Government	1,720	607	<i>Note b</i>
Staff Loans & Advances of Salaries	174	137	<i>Note b</i>
Housing Loans & Mortgages	276	141	<i>Note b</i>
	2,170	885	
National Loans Fund:			
Welsh Development Agency	11,998	2,994	<i>Note b</i>
	11,998	2,994	

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 6.3%

32. Continuing Care

In February 2003, a report by the Ombudsman on NHS funding for long term care concluded that guidance on who should receive financial support for nursing home care had been misinterpreted and misapplied by health authorities.

As a consequence, claims for recompense are expected and where, following a full investigation of the facts, it is accepted that if an individual has been wrongly denied care and has incurred costs in the process, recompense may be due.

It has not been possible for health authorities to make a sufficiently reliable estimate of the amount which might have to be paid over to establish a provision in their individual accounts for 2002-03 but it has been included as a contingent liability in note 22 to these accounts.
